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OFFICIAL REPORT

FIRST SESSION—TWENTY-FOURTH PARLIAMENT

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HOUSE OF COMMONS

Thursday, August 14, 1958

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

Eleventh and twelfth reports of standing committee on miscellaneous private bills.—Mr. McCleave.

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

ATOMIC ENERGY

STATEMENT ON UN REPORT ON EFFECTS OF RADIATION—SUSPENSION OF TESTS

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, further to the statement made by the Prime Minister in the house yesterday, I should like to make a few comments on the report of the United Nations scientific committee on the effects of atomic radiation which, as you know, was made public last Sunday. This report is of the greatest concern to me as Minister of National Health and Welfare, dealing as it does with matters of importance to the health of the people of Canada.

A great deal of interest has already been expressed in some of the conclusions of the report, and I should like to read one paragraph in particular of the general conclusions:

> The exposure of mankind to ionizing radiation at present arises mainly from natural sources, from medical and industrial procedures, and from environmental contamination due to nuclear explosions. The industrial, research and medical applications expose only part of the population while natural sources and environmental sources expose the whole population. The artificial sources to which man is exposed during his work in industry and in scientific research are of value in science and technology. Their use is controllable, and exposures can be reduced by perfecting protection and safety techniques. All applications of X-rays and radioactive isotopes used in medicine for diagnostic purposes and for radiation therapy are for the benefit of mankind and can be controlled. Radioactive contamination of the environment resulting from explosions of nuclear weapons constitutes a growing increment to world-wide radiation levels. This involves new and largely unknown hazards to present and future populations: these hazards, by their very nature, are beyond the control of the exposed persons. The committee concludes that all steps designed to minimize irradiation of human populations will act to the benefit of human health. Such steps include the avoidance of unnecessary exposure resulting from medical, industrial and other procedures for peaceful uses on the one hand and the cessation of contamination of the environment by explosion of nuclear weapons on the other. The committee is aware that considerations involving effective control of all these sources of radiation involve national and international decisions which lie outside the scope of its work.

These conclusions were based on scientific information obtained from world-wide sources and Canada, as a member of the 15-nation committee, subscribed to the report as a whole. Technical information available to the government does not lead it to dissent from the above conclusions.

The report observes that present information about radiation levels and effects is inadequate for an accurate evaluation of all hazards. Notwithstanding this great uncertainty it is evident that hazards to health cannot be dismissed. On the other hand, in the determination of government policy concerning the use of radiation sources for various purposes, it is proper that the health hazard should be considered in the light of all other pertinent factors.

The United Nations committee has pointed out that industrial, research and medical uses of radiation are controllable by means of appropriate protection and safety techniques. My department has been active in radiation protection since 1949, when a section that is now known as the radiation protection division was set up. This division provides technical advice on the health and safety aspects of the industrial, research and medical uses of radioisotopes and X-rays. In this regard it works closely with the atomic energy control board and other agencies concerned with this matter.

For a number of years the division has also carried out measurements and studies concerned with the possible effects on health of environmental radiation exposures. Further programs of measurements and biological studies are planned with the aim of providing answers to some of the major gaps in our knowledge concerning the biological effects of radiation.

The importance of scientific research and the collection of information on the effects of radiation have been clearly pointed out by the United Nations scientific committee. With particular reference to this subject the committee, on the basis of scientific experience, "confidently expects that continuing research on an increasing scale will furnish the knowledge urgently needed to master those risks which we know to be associated with

the development and scope of the uses of nuclear energy for the welfare of mankind."

I can assure hon. members that this government will continue to emphasize and support a progressive program of radiation protection in Canada.

Hon. L. B. Pearson (Leader of the Opposition): The minister's report on this matter, based upon the report of the United Nations scientific committee, emphasizes its vital importance. The United Nations report points out what we are sometimes prone to forget that sources of radiation danger can lie in civilian activities as well as in the explosion of nuclear weapons. While perhaps these non-military activities are dangerous and do not easily lend themselves to international control, or in some cases to national control, nevertheless we can certainly do something on an international basis about the danger from nuclear explosions, as was pointed out by the Prime Minister yesterday.

The report of the minister also emphasized once again the necessity of putting an end to tests of nuclear weapons of mass destruction. While the Prime Minister quite rightly said yesterday that there should be developed international machinery for the enforcement of such a ban and the detection of violations, and while the conference now proceeding at Geneva has apparently shown that such an end could be achieved without too much difficulty by means of international agreement, nevertheless if we cannot get an international agreement of that kind, and if this conference at Geneva also shows—as has been indicated by experts in the United States and other countries—that no country could violate a ban of this kind without that violation being detected by national mechanisms in other countries, then bearing in mind that with all these implications a violation could not take place without detection, we should perhaps give consideration to the banning of tests of this kind at least for a period of time even if we do not have a system of international inspection.

Mr. Hazen Argue (Assiniboia): I think the comprehensive statement of the Minister of National Health and Welfare points up very vividly and very accurately the great danger to the world of a continuing build-up of atomic radiation. While most of us think of atomic explosions and the danger they constitute as something in the nature of a sudden calamity for the people of the world, nevertheless such a calamity might be just as serious if it results from a continued build-up of atomic radiation.

[Mr. Monteith (Perth).]

The Prime Minister said yesterday that the U.S.S.R. had announced it was ending its series of atomic tests. This announcement followed a large number of such tests made within the U.S.S.R. and therefore, the Prime Minister said, this is a very convenient time for the U.S.S.R. to end its own tests. This is no doubt correct and is one of the major reasons why the U.S.S.R. has decided to cease tests at this time. Even assuming that to be the fact, which no doubt is the case, it would seem to me that the western world could now take a forward step by a real act of faith, namely announcing that the west, too, will cease nuclear tests in the hope that this would mean a permanent end to nuclear explosions.

I think the statement made by the Leader of the Opposition was very significant, and I hope it will be taken up by Canada at the United Nations and elsewhere. We in the C.C.F. say to the Leader of the Opposition: we welcome the support you are now giving to the stand which the C.C.F. has taken for some considerable time, that nuclear tests should be ended forthwith.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient, in the proposed measure to amend the Veterans Insurance Act, Bill C-34, now before the house, that clause 1 be deleted and that the following be substituted therefor:

1. (1) Paragraphs (a) and (b) of subsection (1) of section 3 of the Veterans Insurance Act are repealed and the following substituted therefor:

"(a) with a veteran, at any time on or before the 30th day of September, 1962; or

(b) with any of the following persons, at any time on or before the 30th day of September, 1962,

(i) the widow or widower of a veteran, if the minister has not entered into a contract of insurance with the veteran,

(ii) the widow or widower of a person who died on service during the war,

(iii) a member of the regular forces who has not been released from such forces and who was engaged in service during the war,

(iv) a merchant seaman who received or was eligible to receive a bonus pursuant to the merchant seamen special bonus order, or a seaman who received or was eligible to receive a war service bonus pursuant to the merchant seamen war service bonus order, 1944,

and

(v) any other person who is, under the Pension Act, in receipt of a disability pension relating to the war."

Motion agreed to.

BUSINESS OF THE HOUSE

NOTICE OF PROPOSED LEGISLATION IN "VOTES AND PROCEEDINGS"

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Prime Minister. Again I note in today's *Votes and Proceedings* notice of a measure appearing in the name of the Minister of Mines and Technical Surveys which I do not think was mentioned by the Prime Minister when we discussed these things in the house some time ago. In replying to me the other day he said he had made one omission. This appears to be a second omission. May I ask if this is now all the legislation we will have between now and the end of the session?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I note the remarks of the hon. gentleman. In so far as this amendment to the Maritime Coal Production Assistance Act is concerned, it is absolutely necessary if what was undertaken earlier and brought to the attention of the house is to be carried out. It is one of those things which will not bring about a measure of controversial debate, as I understand it, and I am sure that the hon. gentleman, representing the official opposition, would be the last to desire that action in this regard should be neglected at this session. I take it that would be his attitude.

With regard to any further legislation, I have referred to the probabilities in connection with some legislation which might be necessary under the agricultural program. I am sure that in this regard, there being no serious controversial issues to be raised, the hon. gentleman, representing the opposition, would be the last to desire to do anything to prevent the introduction of agricultural legislation which would be of benefit to this country, and which must necessarily receive attention at this session if it is to be appropriately applied within the next few months. I share with him the desire of hon. members to have a completion of the program, but when a government is desirous of being of assistance in meeting the needs of Canadians as a whole, matters necessarily arise that have to be brought in at the last moment. I reiterate what I stated the other day, that I am hopeful that the program as set forth is final.

Mr. Chevrier: It is being added to continually.

Mr. Diefenbaker: I will not be bound, however, to refuse to consider the introduction of measures which even at the last moment, by reason of the circumstances arising between now and the conclusion of the session, might be considered necessary for the welfare of the people of Canada. I know my hon. friend, within those limitations, would certainly agree with the view I have expressed.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure my friend the hon. member for Laurier, as the Prime Minister indicated, would be the last to object to, obstruct or delay legislation which in the words of the Prime Minister is for the welfare of the people of Canada. That, Mr. Speaker, was not the point he was trying to make. It was that in the interests of minimizing obstruction and delay we should know well in advance, especially in the closing days of the session, what legislation is to be introduced. We had been told the other day that all the legislation was on the order paper. I therefore ask the Prime Minister to keep this in mind, that if we want to get this legislation through quickly for the benefit of the people of Canada it is incumbent on the government, especially at this time in the session, to let us know what is coming up. At the present time there seems to be about these matters, as far as the Prime Minister's statements are concerned, what I might call a continuous finality.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the statement of the Prime Minister is most encouraging, that even after we have had a final résumé of the legislation that is forthcoming we shall have the opportunity of dealing with other very beneficial legislation. Since the Prime Minister has emphasized the agricultural legislation that is about to be introduced, I wonder if he could satisfy the curiosity of the house by saying whether this includes deficiency payments, and what in general is contained in the legislation. I am sure the Prime Minister will find that the C.C.F. group, as usual, will facilitate the passage in this house of all worth-while legislation.

Some hon. Members: Oh, oh. Obstructionists.

Mr. Diefenbaker: Mr. Speaker, I like the attitude of the Leader of the Opposition. Everything should be done to minimize what he called obstruction. I certainly think that is a laudable purpose and a highly desirable end. Anything I can do to minimize obstruction from the other side will certainly be done, because there is none from this side.

Mr. Pickersgill: The Prime Minister should attend the house.

Mr. Benidickson: He has not had his loudspeaker on.

Inquiries of the Ministry

Mr. Diefenbaker: As to the statement of the hon. member for Assiniboia, I am not going to read into the record a report that he allegedly gave to Mr. Robert Moon on August 8 to the effect that as far as this government was concerned it was apparently not bringing in any agricultural legislation, having an undesirable end in view in taking that step. I will not read that into the record because I cannot accept such words as appear in the Regina *Leader-Post*, and attributed as a direct quotation by the hon. gentleman, as representative of his views. However, in so far as the agricultural program is concerned, I assure the hon. gentleman that the matter is receiving continual consideration. As a matter of fact, the absence of the minister from the house in the last two, three or four days has been in consequence of very serious and lengthy consideration of such proposals as will be beneficial not only to agriculture but to Canadians generally.

Mr. McIlraith: There was some important business in the house as well.

Mr. Diefenbaker: Mr. Speaker, I am glad to see my hon. friend's interest in that regard.

EXTERNAL AFFAIRS

ICELAND—EXTENSION OF FISHING LIMITS FOR FOREIGN TRAWLERS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in the absence of the Secretary of State for External Affairs may I direct a question to the Prime Minister. In view of the British admiralty's recent decision to augment its fishery protection squadron of two frigates and two minesweepers as a precaution against incidents with Icelanders who intend to enforce the extension of their territorial waters from 4 miles to 12 miles as from September 1, and in view of the Prime Minister's previous statement to the effect that his government was proposing that national jurisdiction be extended 12 miles offshore only in regard to fisheries matters, can the Prime Minister inform the house what action, if any, has been taken by the Canadian government to approve or support Iceland's decision or to protest against this alleged violation of the international law of the sea?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is very obvious that this is not a question for the orders of the day. It is a very lengthy question and one that would require an equally lengthy answer. I submit it is not one that comes within the purview of the orders of the day.

[Mr. Benidickson.]

Mr. Robichaud: A supplementary question, Mr. Speaker. Can the Prime Minister inform the house whether any action has been taken by the government to protest against Iceland's decision?

Mr. Speaker: The question seems to be a familiar one. It seems to me I have dealt with it twice before during this session. Whether it is limited to any action since the question was last asked I do not know. If so, I suppose it would be in order.

Hon. L. B. Pearson (Leader of the Opposition): On that point, Mr. Speaker, only this morning there appeared in the press a report to the effect that the United Kingdom and certain other members of NATO were going to take action to protect their fishing vessels inside an area which is now claimed by Iceland as territorial waters. This is a matter of great importance which I think should be occupying the attention of the government and which should be brought before the NATO council at its next session.

Mr. Diefenbaker: Mr. Speaker, I can say that this matter has been before NATO, and the hon. member is fully aware of that fact.

Mr. Pearson: This is a new development.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REQUEST FOR INTERIM REPORT ON OIL AND GAS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question I should like to direct to the Prime Minister. Is the Prime Minister now in a position to say whether or not an interim report will be made by the Borden commission dealing with petroleum and natural gas and what action, if any, may arise from this report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as the latter part of the question is concerned I know the hon. gentleman does not expect an answer now. As to the first part of his question, namely when an interim report may be expected from the Borden commission, I had the chairman communicated with and he advised, as he said at the time of the adjournment of the sittings of the commission, that it is the intention of the commission to make an interim or preliminary report with respect to certain aspects of the gas and oil industry. On that occasion—that was July 22—he was unable to state exactly when the report could be expected. However, he said that it will require a great deal of consideration and deliberation and that he is hopeful

that early in October he will be in a position, with the members of the commission, to make that interim report.

That being so, my hon. friend will understand that it is impossible to say what action will be taken because the report will not be available, even with the greatest diligence on the part of the members of the commission, before that date and may even be a month later.

Mr. Argue: I appreciate the Prime Minister's report to the house. Am I to take it from his report that any further consideration of the development of the Montreal market for western oil will be delayed or will wait until after this very important report has been received?

Mr. Diefenbaker: In so far as the Montreal market is concerned, private interests are giving a great deal of attention to that matter. Naturally it is being considered also by the government. When I say that I do not want to give any indication that what is being considered will be answered in the affirmative, but simply that the matter is receiving consideration, and the report from the royal commission no doubt will be helpful in the determination of that and other problems.

FISHERIES

NEWFOUNDLAND—REQUEST FOR GOVERNMENT ACTION ON BAIT SHORTAGE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Fisheries. In view of the present shortage of bait in Newfoundland for Newfoundland fishermen, I would be grateful if the minister would advise whether or not his department has taken any steps to relieve the situation.

Hon. J. A. MacLean (Minister of Fisheries): I am a little confused by the situation, not by the question, since the hon. member for St. John's East gave me notice of his intention to ask an identical question, and the hon. member for Trinity-Conception has asked it. This, however, indicates the interest of the people of Newfoundland in the Newfoundland fisheries, and their concern with the bait shortage.

This is something of which my department is very much aware, and the difficulty arises because of the failure of the squid fishery this year. I might say that during last winter the department's bait service froze more herring bait than ever before, but these stocks are now almost exhausted and a fairly critical situation has arisen.

The department, however, has embarked on a serious attempt to relieve the situation. For example, we have two helicopters under charter to the department scouting for squid. I am happy to say that a certain amount of squid has just now been obtained, about 30,000 pounds, and it will be delivered very shortly to the areas where it is most urgently needed. We hope to augment this supply. In addition we have obtained 150,000 pounds of herring in the Yarmouth area, which will be delivered to the bait depots in Newfoundland as quickly as we can get suitable transportation for it. For the time being we have temporarily suspended the sale of bait to foreign fishing vessels, and we have also done a number of other things which I do not think I should take up the time of the house by enumerating, but if any hon. member is especially concerned and would be interested in securing more details I would be happy to give them to him privately.

FRUIT

NIAGARA PENINSULA—DISPOSAL OF SURPLUS CHERRIES

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Agriculture, or in his absence to the minister in charge. Today the Toronto *Globe and Mail* reports that the Niagara peninsula growers have 1,000 tons of surplus cherries as a result, according to the secretary of the marketing board, of a recent large volume of imports at low prices. Does the government intend to give any help to these fruit growers?

Hon. Gordon Churchill (Minister of Trade and Commerce): I shall bring this question to the attention of the Minister of Agriculture on his return.

(Translation):

ADMINISTRATION OF JUSTICE

QUEBEC—REQUEST FOR ESTABLISHMENT OF TRUSTEES IN BANKRUPTCY

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to address a question to the Minister of Justice. Has the minister received from members of the Richelieu Bar Association, a request for the establishment of a bankruptcy registry and a bankruptcy court at the seats of the judicial districts of Richelieu, Beauharnois, d'Iberville and St. Hyacinthe? If so, may we hope that such bankruptcy registries and bankruptcy courts will be established shortly?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I just received notice of this question. I shall look into the matter and give the hon. member an answer tomorrow.

(Text):

CANADIAN BROADCASTING CORPORATION

REQUEST FOR RESUMPTION OF PROGRAM "THE NATION'S BUSINESS"

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Some days ago I asked the Minister of National Revenue if he would make an inquiry of the C.B.C. I wonder if he has the answer.

Hon. George C. Nowlan (Minister of National Revenue): I have not, Mr. Speaker, at the moment. I only returned last night, but I will have the answer to the question tomorrow.

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

266. Departmental administration, $731,410.

Mr. Fairfield: Last night I had been discussing jurisdictional difficulties in connection with conservation programs because of provincial jurisdiction in those areas over our natural resources. Many hon. members in this house know there are private groups which are endeavouring to carry out conservation projects in their own provinces and at their own expense. In western Canada we have game and fish associations which are actively trying their best, without much help from the federal government, to carry on conservation projects. These projects have had a great effect in our part of the country particularly because the game and fish are a great tourist attraction and consequently mean a great deal to our provincial treasuries in so far as the tourist dollar is concerned.

It is my understanding that for the past two years there has been a movement under way to establish a national wildlife conservation foundation. I believe the purpose and scope of this foundation has aroused widespread public support, and many prominent Canadians are giving it their whole-hearted backing. I believe the minister of northern affairs already has some knowledge of this movement.

It seems to me that a national conservation foundation, supported financially by this government and by private enterprise, could do for Canada what similar bodies are doing for other countries, and if truly national in its representation could offer logical and much needed means of bridging the gap between the efforts of federal and provincial governments and private bodies concerned in the field of wildlife management.

I understand that the architects of this plan have drafted a constitution which would guarantee that the proposed foundation would not infringe on the rights, or overlap the functions, of any existing agency, but that it would indeed be the vehicle for much needed financial assistance to all existing programs, provincial and private; would offer scholarship within the whole broad scope of resource management; would support scientific research, especially through universities, and would institute what is today so badly needed, namely a wildlife management and national conservation information service.

I hope at the appropriate time the government will give very serious consideration to the proposal to be put forward for the establishment of this independent foundation. I believe that government support would immediately result in the contribution by private enterprise in all parts of Canada, and on a continuing basis, of possibly hundreds of thousands and perhaps even million of dollars to the cause of resource conservation, and the development and utilization of those resources.

Mr. Fisher: I should like to congratulate the chairman of the committee which considered the estimates of this department. I was able to take part in the committee, in the forestry aspect. I was quite impressed with the interest of the committee, which seemed to be generated to quite an extent by the very open attitude of the chairman. The forestry aspect of the department is what interests me most, naturally, because forestry bulks so large in our particular area and I feel it is by far the most important. The one warning I should like to give to the minister is that I do not think he should be lured away by the northern aspect of his department as to forget the really fundamental role his department should be playing in forestry matters. As he knows, that is not really a northern problem so much as one that runs in the lower part of Canada, thinking in terms of north and south.

I welcome very much the fact that we have a new minister; not so much in political terms, but I felt it was time this department had new leadership with a new approach. I know from conversation with the minister that he is seriously interested in forestry. I was very pleased to see the announcement he made at Yorkton that he was calling the provincial ministers concerned with these matters together sometime in the near future to go into them.

A few of the previous speakers in the debate have emphasized conservation. I do not want to be critical of their statements or what they are trying to put over. Generally it is agreeable, but I should like to point out to them that for 70 or 80 years we have had concern in Canada for conservation. We had very large conservation meetings even before the first world war. One of the largest was in Ottawa in 1911. There has been amongst enlightened people in Canada a continuous concern with conservation. I think one of the difficulties is that maybe we have too many conferences on conservation, too much general discussion on it, and not enough particularized work.

I want to bring to the minister's attention some statements by one who first began service with the dominion government, in the forestry service, away back in the first decade of this century. He is now one of Canada's better known millionaires. I refer to H. R. MacMillan, at one time a forestry officer with the Canadian government. Last year Mr. MacMillan, to celebrate the 50th anniversary of the forestry profession in Canada, gave a speech at the University of Toronto. He made a number of very interesting points that are exceptionally apt for political consideration. He began with this theme with which I agree most heartily; that our tremendous concern with agriculture over the centuries since Canada got under way has made us lose sight of the fact that equally or even more important aspects of our economy and our industry have been neglected.

I believe, and I think this is implicit in what Mr. MacMillan said, that the agricultural interests have been able to apply better and more effective political pressure. Mr. MacMillan said:

> Because our people are not well informed, they lack of sense of responsibility towards the present and the next forest crops. This must be the reason why the forest industry alone of the great national basic industries receives no subsidies (it seeks none), and is starved of the reinvestment necessary to maintain its productivity, although yearly the forest crop, as compared with annual production from either agriculture or mining, pays out the most wages, produces a greater total buying power, contributes vastly more to a favourable trade balance, supports the greatest export trade, and begets directly and indirectly the largest tax revenue. Our national government spends each year approximately—

I should like the minister to note this:

> "On forest administration and research $6,000,000.
> On mining administration and research and subsidy, $25,000,000.
> On agricultural administration and research and subsidy, $80,000,000."

Then he went on to say:

> The national and provincial governments together receive a $230 million annual revenue from agriculture, on which they spend $150 million; from forests they receive $275 million—

In other words, $45 million more.

> —of which they spend a combined total of $45 million on administration and investment in the next crop. Such lack of foresight is equivalent to eating the seed corn.
>
> This pattern of expenditure appears to depart by a wide margin from a policy of giving attention proportionate to the public interests concerned.

That is what I am hoping from this particular minister in the leadership that he is able to give, to try to redress this balance. No matter what your economic outlook, you realize that when you have an industry there has to be a fall-back for investment in order to keep the expansion going, and especially with a renewable resource in order to keep that resource coming in the years ahead. I suggest that these figures supplied by Mr. MacMillan indicates that this has not been done.

It has already been mentioned that there is a constitutional problem. The minister, from his evidence before the committee, is very much aware of this. He knows he cannot dictate to the provinces. But I suggest that almost every province in Canada is aware of the fact that the federal government takes in a tremendous amount from the forest industry in taxation and in comparison gives very little back. I think every province is anxious to get more back. The question is, what are you going to do?

Something else I should like to bring to the attention of the minister is some evidence that was given before the committee on land use in the other place. If you look at the annual report on forest research for the year ending March, 1957 you will find that one of the leading officers in silviculture research is Mr. W. G. E. Brown. Mr. W. G. E. Brown is no longer with the government. He has joined Spartan Air Services Limited in his capacity as survey specialist. He is considered by many people to be the top expert in this field in the country. I should just like to bring to the minister's attention what this specialist gave as his reason for getting out of the government service, because this is where I hope this minister is going to give leadership. Mr. Brown said:

> I was associated on forest and soil surveys, and land use surveys from 1947 to 1951 with Mr. Hills of the Ontario department of lands and forests; from 1951 to 1956, I was chief soil and site officer for the federal forestry branch, covering all of Canada. In both cases I resigned chiefly because of the difficulties encountered between departments in the federal government, between dominion and provincial government agencies, and between industry—

He went on to state the difficulties and underline all the overlapping and the failure to get any lead on this whole question of land use as it relates to geology, soil, forest coverage and so on; a tremendous theory. I think this criticism by one of the most brilliant men in his field in Canada, who had to get out of both the provincial and federal governments because he was so disturbed over the lack of co-operation and his general feeling that he was getting nowhere, is a very severe criticism of the role which the department, especially in so far as its forestry activities are concerned, has been playing.

It was very pleasing to me, and I am sure it will be very pleasing to the forest industry as a whole, to read the recommendation made by the committee in connection with forestry. There are two sentences appearing at page 264 of *Votes and Proceedings* which I would like to read. They are as follows:

> Your committee recommends that increased attention be given to the compilation of material on water resources and to their multiple use, and, in the case of forestry, to forest research. Your committee also noted the increased emphasis being given in the United States to forest products research and recommends that the government give consideration to increased support of that activity in Canada.

Let us see that increased support given with greater and more energetic leadership, and a manifestation of the feeling that the minister and his department must get out and take the lead in this matter.

There are quite a number of ways in which forest research can operate at the present time, and I think the minister knows from the evidence given before the committee that his forest products research laboratories are understaffed. I was told of a case the day before yesterday in which a firm had sent a 4 × 4 × $\frac{5}{16}$ plywood sheet to be tested last November but had still not received the results of the test. In the United States tests can be made by private laboratories and, as a consequence of the certificate given by the scientists concerned, the particular material can be accepted by federal housing authorities.

If we are going to be in the business of testing, and I am sure the federal laboratories are a worthy venture, then I think there is very little excuse for this sort of thing. We are aware that the weakness is probably the lack of staff, and I would like to repeat some suggestions I made in committee. The first is to clear up this staff question in the forest products laboratory right now and, if necessary, have crash sessions with the civil service commission. If men with Ph.D.'s and many years of experience are getting only $6,000, $7,000 and $8,000 in these fields, and are handicapped by lack of staff to help them, then I think we have a very poor situation and I would be very interested to know more about the morale in this area.

[Mr. Fisher.]

One of the generalizations I attempted to make was that the situation in the west coast laboratory is much happier than that in the Ottawa laboratory, and there is certainly a feeling that the laboratory there is producing more in relation to industrial knowledge than is being done in Ottawa. One of the aspects of forest products research in relation to integrated production is that in eastern Canada our pulp operations still are not using enough of the hardwood species such as birch and poplar, and what we need are more establishments to turn out veneers and core stock.

This integration is not only important from the point of view of economics; it is desperately important so far as the clearing off of what have been called weed species is concerned and improving to a much greater extent the silviculture. Instead of just going in and taking out all the conifers, the development of veneer mills and plywood mills will enable us to get a really integrated operation which will clear off the total coverage. This will also give us much better control of regeneration, and I think this is one aspect of research which must be stepped up by the forest products laboratories. Everything must be done which will further advance the veneer, core stock and plywood stock sector of the forest industry economy.

One of the things we have been doing in Canada is taking tremendous advantage of United States research. This is all to the good, but I wonder whether some sort of relationship could not be worked out between this country and the United States whereby our comparable problems could be considered jointly in order to give us an opportunity for more concentration, leaving greater scope for the United States to more specifically allocate their expenditures. In the United States government research laboratories undertake a great deal of work for industry on a contract basis, and I wonder if similar work could not be done in Canada if the terms were fair.

One of our major problems in forestry is that we have a very abnormal age distribution in most of our pulpwood limits. The minister knows the situation north of Kenora, where he has a summer home, and where hundreds of square miles are overmature and should be cut in the very near future. When they are cut, however, we will continue this pattern of abnormal age distribution, and this is one aspect of research with which I think the forestry branch should be far more concerned.

There is another aspect of research to which more attention should be given, and that is with respect to herbicides for brush control. I realize that private industry is doing a lot in this connection, but I think even more could be done. Further, I have in mind the Russian experiments to develop what they call living firebreaks by the use of plants which have a very high moisture content, and this is something which could be investigated with some intensity in Canada.

Forestry research shows slow progress in terms of conclusions. The minister was kind enough to provide me with a five-year progress report of R.C.17, which is a very intricate bit of research work. Many agencies have co-operated in this connection and the research work was carried out on one of the slopes of lake Superior. After five years the most discouraging thing, although perhaps a very proper thing from the scientific point of view, is the lack of recommendations.

There are two points mentioned which I would like to draw to the attention of the house, first that scarification does help to create good seed bed conditions, and the fact that herbicides used in certain ways do help to cut out countergrowth, which assists in the providing of regeneration for the conifers. There are, however, very few conclusions, and the difficulties with respect to forest research are all old ones. It is a real challenge to the administration to try to get some conclusions from the foresters.

I would like to mention to the minister two pulp and paper industries which are in juxtaposition in my own area and which have completely contradictory forest policies. Yet they are taking those policies from the point of view of their respective foresters, who have gone into the situation. One company believes that the whole future of the pulp and paper industry lies in the spruce forests, and they are therefore concentrating upon planting where regeneration is poor. They plant over 2 million trees a year and are making strenuous efforts to help natural regeneration and so bring back the limits to their former state. The second company, which is right next door with almost identical terrain, also measured in thousands of square miles, bases its whole forest policy upon the idea of cellulose per acre. This company says it does not matter a hoot about spruce and its longer fibres, but that the chemical engineer is now playing the operative role in the forest industry. He will clear up this whole problem for us, and he is already doing it and is enabling us to use hardwoods. They say, furthermore, that in the next decade or two the whole point of the matter will be cellulose per acre, and that the question of the superior qualities of the spruce fibres for making newsprint and other pulp products will not be a factor at all.

Just that very dichotomy points up the magnitude of the forestry problem in determining what we are going to do with our forestry research. I have talked to a great many foresters and have had many contacts with them, and there is a feeling—and it is expressed by a former employee, Mr. Brown—that there is no leadership forthcoming from the federal government in this particular field. Whether or not there are constitutional problems, if we want to get anywhere in this field there has to be that leadership.

In other words there is a tremendous challenge to the minister and to his department. And this is not in the north. This is not Frobisher bay. This does not concern resources about which we know nothing. This relates to the breadbasket of this country, and I suggest to the minister that the breadbasket of this country is no longer on the prairies; it is in the boreal forests where we find our pulp and paper resources.

An hon. Member: What does the hon. member for Assiniboia say to that?

Mr. Fisher: He has just been complaining from behind. I do not mind somewhat overstating this point in relation to what the hon. member for Assiniboia tells me, but I think we have gone on long enough paying such marked attention to the agricultural interests, especially to the grain interests. It is not that there is anything wrong with that, but in the process we have lost sight of this forestry industry which has brought in even more revenue and which has even sharper problems.

I do not know whether one of the solutions would be to put in support prices for pulpwood—that is a question for the Minister of Agriculture to worry about—but I do know that one of the main problems is determining how the silviculture plan should be laid out and what guiding principles we should be following. This involves the department of the Minister of Finance, because the whole fiscal policy of the government in relation to the forest industry is in question.

As the minister is probably aware if he has read any of the representations from the industry, or even from the unions involved in the industry, this point was strikingly illustrated in the last few years when Ontario introduced a new logging tax. Immediately a howl went up from the pulp and paper interests. What did the premier of Ontario say? He said he had to get more

revenue out of his forests because there was not enough money coming back from the federal government.

Well, that is fine; he recognized the problem and went out to get some more money. What did the head of the largest pulp and paper concern in this particular part of the country say? He was enraged by this and said, "We are going to have to cut down our research program. If the federal government and the provincial government refuse to get together and work out equitable taxation with us, why should we continue to make efforts to plan for the conservation of our forests and plow back money, if the fiscal policy is so bad?"

The evidence given by the head of the Canadian institute of foresters and by Major General Kennedy, who is one of Canada's most prominent foresters, was that the government needs to look closely at its whole fiscal policy in relation to the industry. The figures I read indicate that forestry is getting very little put back into it, either from the federal government or from the provincial governments, in relation to the taxation revenue. This being the case I think the industry is in a position to say to the federal and provincial governments, why are you not showing stronger leadership in research?

The final point I wish to make is this. I hope the minister does not go off down the path that so many ministers in the past have taken with regard to forestry, and become obsessed with firefighting or getting rid of the bugs we have in profusion in many of the forests. I suggest that fire protection and forest entomology are no longer the most important problems which concern the forest industries. Action must focus upon silviculture, and upon getting the crop back again.

I am not suggesting that the minister should abandon or even refrain from extending his fire protection program in co-operation with the provinces, but I should like to suggest that he work out some scheme of subsidizing experiments in controlled burning, because almost every good pulpwood forest we have in this country was formed as a result of forest fires. In other words I suggest we should, after proper preparation, set forest fires deliberately in order to make regeneration possible. This would require considerable expenditure on control measures, but it is a field where more research should be done.

I should like to conclude by saying to the minister that you have a real problem here and a wonderful opportunity for leadership. Don't go chasing off after northern affairs completely; don't go chasing the obsession of putting out forest fires and getting rid of the bugs. Go right after the whole problem of silviculture, forest management and regeneration. I think the minister would then merit much greater thanks from the Canadian people than any of the previous ministers we have had in the department of northern affairs.

Mr. Pearson: I welcome the opportunity of making some observations about the work of this very important department of government, though I may say that these observations will not include that particular branch of the department which has just been touched upon by the hon. member for Port Arthur. I say this not because I do not recognize the importance of that branch, but because there is no time to deal with all the various activities of the department which are involved in these estimates.

The hon. member who has just spoken said some laudatory things about the minister, and contrasted his activities and energy with those of his predecessor. I am not going to say anything which would deprecate the energy and drive—

Mr. Fisher: On a point of order, Mr. Chairman, this is the second time within a week that the Leader of the Opposition has attributed things to me which I did not say. The first was in connection with Rhodes scholars. I was just making this point in connection with the change of leadership, that I think it is good to have new leadership—completely new thoughts. It was not a great reflection on the performance of the previous minister.

Mr. Pearson: I will be glad to accept that correction. As far as the Rhodes scholarships are concerned, I do not think I did the hon. member an injustice in the remarks I made on a former occasion.

What the hon. member has now said is that it is a good thing to have a change of leadership. Perhaps I should point out that though there has been a change of leadership, energetic and determined leadership has been given to the work of this department over a good many years, since the second world war. It was in 1950, under the previous administration, that this separate department was set up.

It was then, I believe, the department of resources and development, and it was under the present minister's predecessor in the Liberal administration, Mr. Lesage, that the name of this department was changed to the Department of Northern Affairs and National Resources. While a change in name may not in itself be of too much practical importance, and may have only symbolic significance, since that time, under Mr. Lesage, a great deal of energy and leadership has been given,

as indeed it was given by Mr. Lesage's predecessor, Mr. Winters, to the work of this very important department. When I say that I am not suggesting that the present minister is not showing energy and determination, because I know he is, and I also know something about his interest in northern development.

This is one aspect of the work of the department that I wish to talk about in particular, northern development. Those of us who heard the hon. member for Mackenzie River the other day must have been impressed by the very moving story he told concerning the tragedy which overtook 14 Eskimos in that part of our territory. We surely must have realized as that tragic tale unfolded that there is more to northern development than the development of the material resources of that part of the world. None of us can take very much satisfaction, and I am sure the minister takes no satisfaction, out of the development of these resources if we cannot at the same time develop our own sense of responsibility for looking after the indigenous inhabitants of that area in a way that will prevent this kind of tragedy occurring in the future. The *Financial Post* of August 2 carried an editorial dealing with development in the Arctic which included the following paragraph:

> We have made enormous strides in seven years. We are building town sites, schools and airfields along the mainland and across the archipelago. We are taking care of 12,000 Eskimos and introducing them to the ways of civilization.

Unfortunately there were a few we were not able to take care of a short time ago. Our feeling of shock and regret—and that is too mild a word to use in connection with this tragic event—was well expressed in an editorial which appeared in the London *Free Press* of August 12, in these words:

> If there was a murder, these officers—
>
> The Royal Canadian Mounted Police—
>
> —would spend months or years to run down the culprit. Would it not be well that the officers be assigned to see that the roving bands are supplied; if they lack food for the winter season to see that they obtain it or be removed to winter shelter areas.
>
> If we Canadians heard of death through starvation in some of the less developed lands we would start a campaign, gather food parcels and rush them overseas. It happened at home, months ago and now we hear of it—a shocking tale.

I am sure we all welcomed the observations of the minister in connection with this matter when he indicated the steps that would be taken to prevent the recurrence of a tragedy of this kind in the future.

The importance of the development of our Arctic territory has been dramatically emphasized and underlined by the passage, I believe within the last week, of two United States atomic submarines under the Arctic ice, which, in the application of a particular theory of international law, is Canadian Arctic ice. This magnificent achievement, and it certainly was a magnificent achievement, has strategic implications and also commercial implications which must be very much in our minds.

So far as the strategic implications are concerned, this is not the place to deal with them and I shall content myself by saying that the achievement of these two United States submarines reinforces our feeling of regret that our one naval vessel operating in those parts, C.G.S. *Labrador,* has been taken away from that kind of operation. So far as the commercial implications are concerned—and this surely has an important bearing on the development of the north, and I am sure it must have occurred to the minister as he read the news of this achievement—when the commander of the first atomic submarine to go under the Arctic ice, the *Nautilus,* reached London, England he is reported in the London *Times* of August 12 as having said:

> There appears to be no upper limit to the size you may build submarines and I think cargo submarines carrying priority cargo such as oil are definitely coming along in the future.

He was referring, of course, to submarines operating with atomic power. I continue:

> He said he thought that other commercial cargo carrying, under water, would be possible. "It must come, as you can travel more efficiently under the surface than above it." Taking oil by the Arctic route was "a very promising thing."

This opens up a whole new field of Arctic development. In view of the fact that we have these resources of oil, minerals and base metals of one kind and another in that part of Canada, as the minister pointed out, their development is bound to be handicapped by the expense of getting these materials to market. That was pointed out at the recent meeting of the Royal society, in Edmonton by experts on Arctic matters. While it is one thing to have these resources there it is another thing to exploit them economically and deliver them profitably to the markets of the world. If it could be done by underwater commercial craft we could have our resources there developed and exploited and moved to submarine ports from which they could be distributed to the markets which require them.

This may seem a pretty remote vision, but I know that visions do not intimidate the minister and this is certainly a question that deserves attention and examination. Perhaps before I get too carried away by this vision I might place on record that the estimated cost of the first atomic

submarine the *Nautilus*, was something in the neighbourhood of $60 million, so there is a great deal of progress to be made in the economic construction of these craft before they can be used for the purpose I have mentioned. But this certainly opens up new vistas of development.

This emphasizes in my own mind what I have often thought was an important point in northern development, that defence and civilian development must go together in that part of the world. I know that has been the objective of government policy for a good many years, and these recent developments just emphasize its importance. For that purpose, of course, it becomes even more important than it was previously to establish beyond any doubt our claim to our Arctic territory. This is more important than ever before in view of Soviet interest in that part of the world, in view of the utilization by Soviet parties of moving ice fields for scientific purposes and that kind of thing, ice fields which I believe are included in what we call the Canadian sector, and in view of the development with our approval and co-operation of United States defence activity in that part of the world; indeed, development to the point where I have read articles in United States magazines and newspapers on Arctic development in Canadian territory in which reference is made by the United States authors to "our" Arctic. Therefore it becomes more important than ever before that there be no doubt left in the mind of anybody that it is the Canadian Arctic.

We recall that the first claim to Arctic island territory was advanced on behalf of the Canadian government as far back as 1907, when Senator Poirier put forward the sector theory which was elaborated in the House of Commons many years later, in 1925, by the minister of the interior of that day, Hon. Charles Stewart. Under that sector theory Canada lays claim to all the land between the extension of the 60th and the 141st meridians of longitude until they meet at the north pole. In 1953 Mr. St. Laurent, who was very much alive to the importance of this problem, especially in the light of recent development, made a significant statement in the House of Commons and the previous government did something to implement that statement. Mr. St. Laurent said then:

> We must leave no doubt of our active occupation and exercise of our sovereignty in these northern lands right up to the pole.

Of course there arises at once a question of the rights of control, or sovereignty, if you like, over the permanent ice fields. Perhaps the extension of the continental shelf about which the minister spoke in this house in another debate will extend our rights over these permanent ice fields for some miles under that doctrine of sovereignty over the continental shelf which I suggest, however, is not yet quite formally established. But beyond that there is certainly no recognition by any other country that I know of, by the United States, the United Kingdom or the U.S.S.R., that we have any rights of sovereignty or control over the permanent ice.

Perhaps the time is coming, Mr. Chairman, if it has not already come, when we should try to work out an international agreement to see exactly where we stand in regard to our control and sovereign rights under this sector theory, and try to get those rights established by international agreement. I suggest to the minister that we shall have considerable difficulty in doing that if we base our claim merely on the sector theory which has not yet, I think, been generally considered a valid doctrine in international law.

The sector theory itself is not enough; it must be followed by rights based on discovery and effective occupation. That had been very much in the mind of the previous government, as no doubt it is in the mind of the present government, to buttress any claims we have under one theory of international law by rights of discovery and effective occupation, which are acknowledged by all as valid in international law. That surely means that policy must be directed toward the extension of Canadian civilian occupancy and control of all Arctic activities. I know the difficulty in this regard, but I also know a great many things have been done in the field of defence particularly, in fact almost exclusively in the field of defence by the United States, that we in Canada would not have done and perhaps would have found it impossible to do because of their expense.

I know there are a great many facilities in the Arctic which have been built by the United States, some of which are occupied by United States personnel, and some of which are occupied jointly by the United States and Canada; but surely even if we have not been able to construct things like the D.E.W. line because of the magnitude of the operation and because, in some instances, we were not convinced of the essential wisdom of doing that kind of thing at that time even for defence; whatever the reason may have been, our objective surely must be that when the United States, with our agreement always and with our rights always reserved, has constructed those facilities, to take them over, in so far as they continue to be useful, at the earliest possible moment and put them under Canadian control and, when it can be done, under civilian control.

As far as our rights by effective occupation of this great and increasingly important sector of the world area are concerned, I am informed—and perhaps the minister will be able to give the exact figure in this regard—that in the Canadian Arctic islands there are about 300 Canadian civil servants, if you like, showing the flag in the right way, and that perhaps there are about 100 other Canadians permanently resident in those areas with, I should think, three or four hundred temporarily working there especially in the summer months. We should do what we can to add to that number, of course, replacing whenever we can Americans who are there and thereby strengthening our claim, which has not yet been challenged by anybody but which does bear strengthening so that in the future it will not be challenged by anybody as the commercial and strategic importance of this part of Canada grows.

One of the aspects—perhaps not very important—of this American activity in the Arctic has been complaints from time to time that our own rights of sovereignty are being prejudiced by American activities and that sometimes the United States makes it difficult for Canadians to visit defence facilities on their own soil. I remember reading a statement on this by the minister on March 13, at a time when we were all making statements. This statement was made in Toronto and he is reported to have said—perhaps he will correct me if the report is without foundation—that it was a matter of national chagrin that Canadian cabinet ministers must get permission from Washington before they could visit certain parts of Canada's north.

I would agree at once that this would be a matter of chagrin if that had to be done, except in any but a purely formal sense. I suggest that the importance of the formal necessity for this in certain instances has been exaggerated, because perhaps it is equally true that if a German cabinet minister wished to visit a Canadian NATO defence installation on German soil he might have to go through certain formalities before he would be permitted to do so. It is true, however, that we should try at every possible opportunity to show that this is our land under Canadian law and under Canadian jurisdiction.

One of the most interesting—perhaps one of the most exciting—of the minister's statements on developments in the north that I have read concerned a visit he made, I think it was to Frobisher bay, on May 5. So far as press reports are concerned he certainly gave us some pretty exciting information as to his plans in regard to this particular aspect of development. I am reading now a report in the Toronto *Telegram* of May 5, under the headline:

A $75 Million Northwest Territories Capital City

I know the minister is not responsible for the headline. The report reads:

A "skyscraper city" of 5,000 people will rise out of the frozen tundra of Frobisher bay during the next five years—a $75 million government investment in the future of the Canadian north.

Perhaps when he speaks the minister will comment on this development. The report goes on to say—and this has a bearing on what I have just been saying about United States interests in this part of the world and United States developments up there—

Almost a third of the sum—

That is presumably the $75 million for the Northwest Territories capital city.

—will be contributed by the United States government and the remainder will be a long-term, self-liquidating capital investment by the Canadian people.

Then the minister proceeded to elaborate his vision of this new capital city in terms which were very dramatic indeed. He said, as the report from the Toronto *Telegram* gives it—

A package atomic power station—developed by Atomic Energy of Canada Limited especially for such northern stations—is expected to be built at the site, although it will be coupled with diesel-generated power source until day-to-day operation bugs are ironed out.

Then he is quoted as saying:

We have such a station ready now.

That is a package atomic power station, and this is a very important statement. I think it goes beyond anything I have heard in this house.

"We have such a station ready now," said Mr. Hamilton, "but it is being run by scientists. We want to be sure it can be operated by ordinary technicians,—perhaps Eskimos—before we use it as a single power source."

Then he went on to discuss in very interesting, indeed imaginative, terms the development of this capital in the frozen north. He said:

Although the site recommendation has yet to be made to the cabinet—

Perhaps it has been made since this report.

—it was learned that the recommendation by the Foundation Company of Canada Limited, retained to decide on a site, will be an amphitheatre running down to Frobisher bay within a mile of the present air strip.

A whole new concept of building in the north country is being developed for the city.

It involves the use of six-storey skyscrapers of concrete ringing a mammoth central, roofed and heated hexagonal plaza containing stores and offices.

Well, Mr. Chairman, that is a rather exciting prospect for development as far north as

Frobisher bay. Perhaps the minister will comment on this report. It certainly is, and I say this is not in any critical sense, a rather dazzling vision of the immediate future.

There was another aspect of the implementation of this vision of northern development about which the minister talked a good deal during the election, and that was the railroad to Great Slave lake. When this matter was mentioned in another debate the minister said that while perhaps no great progress has been made since last spring, under the previous administration nothing whatever had been done. I believe there is a statement in *Hansard* in which he rather suggested we had done nothing. So far as doing nothing is concerned, I suggest to the minister that the survey for this very important railroad was begun by the previous government. Undoubtedly this survey was continued by the present government, but if it has been completed we have not yet heard of that in this house.

On the other hand, we have heard that the government does not intend to proceed with this matter at the present session, and indeed that the government has not yet made up its mind where the railway will go. If the government has not been able to take that kind of decision after the survey has presumably been completed, I do not know why they should criticize us for not having done more while the survey was continuing. It would have been very stupid for the previous government to have taken any final decision on this matter, as to the route or any other detailed aspects, until the survey had been completed.

Perhaps the minister will have something to say about both the survey and the route, because when he was speaking in Edmonton on February 1 he was pretty definite in what he said. Speaking of the Great Slave lake railway, he said it could be built by 1961, and that the Canadian National, Canadian Pacific and the government were working at high speed to finalize the economics of the project. We would like some information as to the finalization of this particular project.

During those days the minister also had some other exciting things to say about the development of the north. Perhaps he will be able to elaborate on some of these statements during this discussion. According to the Montreal *Star* of April 10 the minister declared that the rush was on in the northland. The report states:

> Northern Affairs Minister Alvin Hamilton, in an interview on the eve of his departure today for an international conference in Geneva, said:
> "It is an attack on all fronts. The rush to the north is on."

Perhaps we can get some details in regard to that rush since that statement was made or before the statement was made. This report says, and I quote again:

> Mr. Hamilton said that since the Diefenbaker Winnipeg speech—

That was the speech beginning the Prime Minister's election campaign.

> —his department had received about 1,000 letters —800 more than during the same period last year— asking how to get jobs in the north.

Perhaps this statement has a bearing on the statement that the rush to the north is on. Then, according to the press, the minister made this very interesting additional observation:

> American applicants had outnumbered Canadians by three to one.

Presumably this means that 300 or 400 Canadian letters had been received asking how to get jobs in the north. In that connection it would be useful to the committee and interesting, I think, if the minister could give us some indication of what has happened in regard to jobs for northern development since these statements were made during the election campaign.

Then on May 6—and I found this of particular interest—according to the press the minister had this to say about another aspect of our Arctic development:

> Northern Affairs Minister Alvin Hamilton has suggested a non-military type of Arctic inspection. His idea: an exchange of visits with Soviet Russia on northern development techniques.

This matter was raised, I think, some weeks ago in the house and the minister indicated that it might be a good idea to have this kind of exchange. Perhaps it would be a good idea. I wonder whether he has made any progress in his plans for this kind of visit, because it is obviously true that we can learn a great deal from the Russians in regard to Arctic development. It is true that they have made much greater progress than we have in that regard, and that is quite natural. For one thing, they have been engaged in Arctic activity much longer than we have, and they have perhaps appreciated its importance both strategically and commercially for a much longer time than we have. This is due also no doubt in part to the fact that they have a much larger population than we have, and can direct whatever portion of that population they wish to live and work in the Arctic.

Our development of the Arctic, which is going to be just as important to us as the development of the Russian Arctic to them, has to be done under a system which does not dragoon Canadians into any part of the country, and that is bound to be, in the short run at least, a handicap. Nevertheless, even keeping in mind the differences in the

positions of the two countries—we certainly have no desire to adopt their methods in this or any other respect—I think it would be helpful to have exchanges of information and even a personal visit by the minister, especially if he were accompanied by his officials. I recall when I was in Moscow a few years ago bringing up this matter, and at that time it was received by the officials in Moscow as something that could be done with advantage to both countries.

There was a meeting of the Royal Society of Canada in the early part of June in Edmonton, at which there was a great deal of discussion of Arctic matters by experts without any axe to grind, except perhaps their own professional prejudices that experts are bound to have. At this meeting there was a rather careful and friendly, but analytical, examination of all aspects of this question of northern development. I suggest to members of the committee that the report of this convention of the Royal society dealing with this matter makes very interesting and perhaps informative reading. One of the delegates at that convention was Dr. William C. Wonders of the University of Alberta, who among other things dealt with the Russian successes in the north. He said that Canada has about 32,000 people north of the 60th parallel, compared with 4,500,000 in Russia. The Russian climate is more favourable, he said, and there has been a population pressure lacking in Canada. Then he referred to the point I have been making, that much of this northern population in the U.S.S.R. is not there voluntarily.

There are only two other matters that I want to bring to the minister's attention, with which he might perhaps deal now. He has already dealt with one of them at some length in another debate, and that is the Geneva conference on the law of the sea. The minister felt, and I am not criticizing him for his feeling though I do not entirely share it, that this was a great diplomatic triumph, a great step forward in the codification of international law.

So far as it being a diplomatic triumph is concerned, I realize the efforts that were made by the Canadian delegation to find a compromise resolution in regard to the law of the sea establishing a territorial and jurisdictional zone which would protect our own interest in this matter and would obtain the necessary two thirds approval, which you have to get if the resolution deals with questions of substance. The Canadian delegation was not able to succeed in that regard.

It is not the first time a Canadian delegation has tried to bring about a compromise and has not been able to get the necessary two thirds majority. But on this occasion, as the minister himself pointed out when he returned —I think it was in a speech he made in Aylmer—the only chance, as it developed, of getting that two thirds majority was to secure the support of the Soviet delegation and its satellites. That gives you seven or eight votes —sometimes a few more and sometimes a few less—at the meetings.

The reason that support had to be secured was that the United States and the United Kingdom were both against the Canadian proposal and were able to line up a good deal of support for their point of view. While I happen to think the Canadian position in this matter was a more intelligent one than that taken by the United States and the United Kingdom, and while I certainly believe that if we have a position which we think should be maintained we should not abandon that position or modify it substantially merely because the United States and the United Kingdom are against it—that would be the abandonment of our independent position at these conferences—subject always to the requirements of the co-operation within the coalition and the interdependence we desire to maintain. It is always an unhappy position in any diplomatic initiative for the Canadian delegation to find that you have both the British and the United States—and I think in this case the French and a good many of our friendly allies—against us and that we have to rely on the Soviet in order to get our two thirds majority.

But even if we had obtained that two thirds majority I suggest to the minister that the resolution in question could not have been very easily established as international law if the United States and the United Kingdom refused to accept it. While I realize that this matter is going to come up again, and that there are other achievements at this conference which did not get much publicity and which are important technical developments in the fields they cover, nevertheless the main issue before the conference—perhaps ultimately the continental shelf may turn out to be the most important issue—but the main issue as it seemed at that time was to establish a territorial zone or a territorial zone plus a jurisdictional zone over the sea which would be accepted by all sides.

That is an effort that has been going on since 1930, when the first conference on this matter of the international law of the sea was held at The Hague to deal with territorial waters. Over all those years attempts have been made to get agreement—something which is very important for countries like Canada—on the law of territorial waters, but they have not succeeded. The minister now

feels that great progress was made in this regard even though success was not achieved, and that another conference at the United Nations will be held before long which will be able to build on the foundations established at Geneva and perhaps bring some success out of what was failure at this conference.

I hope that will be the case, but I would point out that the leader of the Canadian delegation when the minister was not there, namely our high commissioner in London, Mr. Drew, had this to say in a statement prepared for delivery in the committee of the conference on March 31, 1958. I am quoting from the records of the conference, and I may say this was before the final vote was taken:

> If there should be no agreement, another conference would be very difficult to arrange. It has taken 28 years to bring this one together since the collapse of The Hague conference in 1930.

I was present at that collapse. It was the first international conference I had ever attended and I was much impressed by its collapse. Mr. Drew went on to say:

> Remembering all the many claims which have already been made, and to which new claims are being added day by day, it needs no great stretch of the imagination to realize how soon we would find ourselves in a state of hopeless confusion. If for no other reason and there are many other excellent reasons we should do everything within our power to agree upon a workable code which will establish a regime of settled law.

We were not able to do that at Geneva. I hope the minister is right, notwithstanding these rather pessimistic observations of the high commissioner, when he says we can look forward before long to another conference at the United Nations which will probably bring this matter to a successful conclusion.

There is only one other matter I wish to bring to the attention of the minister. It arises out of a statement he made not very long ago—I think it was on August 2—and I am quoting from the Saskatoon *Star-Phoenix*. It is a statement which he is reported to have made at Yorktown, Saskatchewan. This report reads as follows:

> Hon. Alvin Hamilton, Minister of Northern Affairs and National Resources, said here he hopes to hold a conservation conference this fall. The minister made the remark unintentionally while addressing the fifth institute of the Saskatchewan council of public affairs, on the topic, "Our natural resources; who should own and control them".

According to the report he went on to say that he had not meant to make that announcement at this meeting, that it sort of slipped out but that this conference on conservation would be held. That is a very important statement. That conference, if and when it is held, will be an extremely important conference dealing with a matter of vital significance to the development of Canada, namely the conservation of our natural resources. I think the committee would like to hear from the minister on the plans he has in that regard.

As we go on with our study of these estimates in detail, Mr. Chairman, there may be some individual questions that I shall wish to raise. Meanwhile I would appreciate it if the minister, when he comes to speak, would say something on the three or four questions I have ventured to mention now.

Mr. Payne: I should like briefly to congratulate the Minister of Northern Affairs and National Resources on taking a new and open-minded approach to the problems that face his department. I think a very significant fact has missed the eye of the Leader of the Opposition, namely that in the past 23 years the committee on mines, forests and waters has not been convened and has not had an opportunity to consider and discuss the operations, plans and estimates of the department now before the house.

Mr. Pickersgill: That was the fault of the opposition.

Mr. Payne: I would further point out that in the course of this committee's discussions, for the first time in a great many years those from the west coast—and, I am sure, from other parts of Canada—have had the privilege of bringing before the committee some of the specific, difficult and also different problems that face that area. We from the west owe a great debt of gratitude to the minister for the opportunity of bringing before the committee a few matters which affect his estimates at this time. I refer to the logging and lumbering industry in British Columbia. I should like to point out that this industry produces 17.1 per cent of Canada's total manufactured products. Speaking for those who come from the west coast, I may say that represents 54.1 per cent of all the earning power in the province from which we come.

After 23 years we feel that it has been a privilege to come before the committee on mines, forests and waters and bring to its attention some of the problems that face the lumbering industry in our part of the world. I am sure the Leader of the Opposition views any vision with a somewhat myopic eye, especially when one considers the fact that the opportunity to present such problems had been, under the former administration, so long denied to industries of such great strength and such great value to the economic welfare of this country.

I would also like to point out that the hon. member for Port Arthur, when he was

speaking a little earlier, was throwing advice around freely with respect to forestry matters, but at the same time he spoke very lightly and deprecatingly about the need for us to face the matter of fire protection. Those of us who come from British Columbia, particularly in this tinder dry year when rain has not fallen since about May 13, do not treat such suggestions in a light vein at all. The loss, not only to our province but also to the nation as a whole, in the depletion of the timber inventory amounts to millions, and will reflect for a long time upon the earning power of the nation as a whole.

I am most anxious in my few words to bring to the attention of the committee the fact that the forest industry in my province pays over $112 million annually in taxes to the dominion government, and that in the days of the previous administration less than 1 per cent of this had been returned to the province in the furthering of studies on sylviculture, upon the development of access roads and for fire protection in order that this great national asset should remain in a state of self-propagation and should not be subject to the devastation of flames.

For the first time in many, many years our industry has had an opportunity to bring before the federal minister the problems contingent upon the provision of such fire protection. Other matters are of an international character. Over one third of our border is linked to its west to the Alaska Panhandle. The previous administration at no time provided funds or took an interest in seeing that the great forest wealth at the back of the United States panhandle border was protected, nor did they at any time endeavour to negotiate for or create a co-operative fire protection plan for the area. On our northern borders along the Yukon hundreds of miles of timber land lie exposed to the ravages of fire. The myopic view of the former Liberal administration demonstrated that they were not concerned in this respect.

I am indeed pleased to bring these matters to the attention of the committee, and in so doing to again congratulate the minister for having taken a new look, an imaginative look, at some of these problems. We look forward in the next three years to seeing many of the long delayed and long ignored problems faced in a factual way which will, in the long run, well serve the economy of our nation.

Mr. Granger: Mr. Chairman, I would like to comment briefly on northern development in Labrador, which is part of my constituency and constitutes one of the last great unknown areas of the world. Sufficient is known, however, to indicate that it contains some of the largest and best iron ore and uranium deposits and forests anywhere in the universe. The greatest need in respect to development, as I see it, is the provision of roads; but as I understand the Department of Northern Affairs and National Resources and the provincial government are working out a program in this connection, there is nothing I should say at this time.

However, I would like to mention that I believe the department should consider the possibility of building roads to the huge iron ore areas, and perhaps considering this as wholly a federal responsibility. There is also a great need for airports in Labrador, for these contribute considerably to the development of an area and Labrador, being inaccessible in any other way, must have facilities for air access. I trust the minister will keep this in mind when making his plans for northern development.

I would also like to mention that caribou are essential to the Indians and Eskimos in Labrador, and that the herd is diminishing. There are reports that caribou are being wantonly slaughtered by military aircraft flying from Goose Bay. This is perhaps largely a provincial responsibility, but I think it is something which should be investigated and the practice, if it exists, should be stopped.

The whole business of the development of our north appeals to the imagination and challenges the courage of everyone with an adventurous soul. I think in our north, and I might be forgiven for saying particularly in Labrador, we probably have a new Spanish Main to challenge those living in this new Elizabethan age. Certainly northern development is something which calls for bold thinking, and I would like to quote from an ancient and wise man, Demosthenes. His words are applicable to the subject under discussion today, a free translation of which is that as a good general marches at the head of his troops, so does a wise politician march at the head of affairs. He not only anticipates events, but by bold and imaginative policies he creates the event. I think the event we would all like to see created is the development of our northern empire.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Peters: Mr. Chairman, I am very happy to participate in the discussion on the administration item of the estimates of the

Department of Northern Affairs and National Resources. It has been mentioned on a number of occasions that the ideas developed by the minister of northern affairs and the interpretation he gave to the visionary aspects regarding the desirability of northern development were factors of considerable importance in the winning of the election, and in winning the imagination of the northern people. I am very happy about that, and willing to give all the credit that is due to the minister for northern affairs.

The desirability of northern development has been for too long ignored, and I should like to refer to one aspect of this question with which I am sure the minister is familiar. It is one which affects my part of the country. It has been pointed out on a number of occasions that northern Ontario has enjoyed a certain amount of initial development, but that this development has never been proceeded with by previous governments. The vision and the possibility of development in northern Ontario and in the area immediately north of that province have been brought to the attention of some of the mining companies, and we are very happy that the minister has examined the situation and that something can be done. At Belcher island large deposits of iron ore have been found. When these deposits are developed we expect that shipments will be flowing from Belcher island in Hudson bay southward to James bay to Moosonee, and it is on this subject that I wish to speak this afternoon.

As the hon. member for Port Arthur ably pointed out, we in northern Ontario have continually given of our natural resources so that development might be possible in the industrial areas of southern Ontario, and particularly in the cities of Toronto and Montreal. Our mining industry has contributed greatly to the expansion of those areas, and in the past we have been faced with the situation that everything has been flowing out of these areas and very little has been coming back; the trade and commerce was flowing in only one direction.

As a result of the development which is in prospect and, in addition, the interest which the provincial government of Ontario has shown in this northern area, I believe something can at last be done. I visualize not necessarily a city at Frobisher of 5,000 people under glass, or whatever would have to be arranged, but certainly a large commercial centre in that area. I visualize a port being built in the near future at Moosonee, in co-operation with the provincial government; that the flow of iron will be coming down from Belcher island and Ungava, and that on the return journey ships will be carrying goods which have been manufactured in the industrial areas of southern Ontario, goods which have come by the shortest route, over the Ontario northland railroad up to Moosonee. Certainly with the development of atomic energy, ice breakers will be able to make Moosonee, when it is developed, and Churchill all year round ports. We will then come to the second stage of development, and secondary industries will be introduced to handle the iron products either on the way from the mines or after they have made the return trip. All this can come about if the minister of northern affairs is serious with regard to the need of the development of northern Canada.

At the present time such a development can take place only by means of the methods we have used in the past. We have a mining industry, and this industry has done a great deal to benefit Canada. Certainly nobody should fail to recognize the contribution that mining throughout northern Canada has made over the years. This is also true of the lumber industry, and we can go back to the days when the white pine industry of the Ottawa valley stretched well up into northern Ontario. Now the timber is gone and the product is no longer available.

Something has been said about the need for recreating this natural wealth by rejuvenating the forests and replanting where necessary to perpetuate this form of life. But the mining industry does not deal with this type of renewable resource. When a mine is worked out it is done, and this applies not only to the ores of northern Ontario but also to Yellowknife and the uranium developments in the far north. The products are no longer available, because they have a vanishing point. We have to do something about the parts of the world which are affected in this way, and one of the problems has been the introduction of secondary industries.

Industry itself, and the commercial enterprises of Canada, have faced this problem from a very one-sided point of view. They have looked at an area and said that to develop secondary industries there must be a population which will consume the major portion of the products which it is intended to produce. This is a concept which has worked in many parts of Canada, but it has failed to work on almost every occasion when northern development hinged on natural resources. For this reason we had ghost towns increasing in number in days gone by. This is true also of the economy and way of living of the people who existed in the far north, and I am speaking of the Indians and the Eskimos. We

changed their economy, but we had nothing to put in its place.

I understand that some progress is being made through associations which are being set up to encourage secondary development of particular areas. In northern Ontario they have the northeastern council set up for this purpose. This is also true of northwestern Ontario. But to date the northeastern council, though supported by every municipality in the area, has failed to bring even one industry into the region, and I think this is an appeal which the federal and provincial governments should support.

Through reading and as a result of discussions with people who have studied the economies of other parts of the world, we find that a great deal of the failure to establish secondary industries hinges on the geographical situation in a particular country. Some countries, such as Scandinavia and northern Russia, are in the tree belt—in a similar weather belt to ourselves—and they have similar natural resources. Through the establishment of secondary industries in areas where natural resources were available they were able to overcome the problem of lack of population to consume the goods being produced by the secondary industries. The situation that obtained in the Scandinavian countries and in Russia is analogous to the situation that exists in northern Canada.

Those countries launched research programs. They looked at the potential wealth they had, not in terms of basic industries like mining, lumbering and pulpwood but from the point of view of unproductive industries. For instance, they considered trees that were of no use as pulpwood and mines producing products that were not in great demand. These conditions can be found in northern Ontario, and the problem could be met if we were to establish a trade route through Hudson bay and James bay out into the Atlantic ocean.

If this were done it would not be necessary for us to completely process products in major cities such as Toronto and other centres lying along the route of the St. Lawrence seaway. Instead we would be able to take advantage of the shorter route and send our goods from the northern area to Europe. The establishment of secondary industries in northern Ontario would serve to revitalize and expand the economy.

Initially this undertaking may not be financially sound, but neither is the subsidization of gold mines financially sound. I suggest this is a project that could be undertaken on a long-term basis, and it would be more advantageous to the Canadian people than is the present system.

The towns in northern Ontario are worthy of support. We have reached a stage in our development where centralization may prove to be disastrous to our nation in the event of nuclear warfare. The government is going to have to assist in the decentralization of industry, establishing factories in areas which are not now classed as areas of secondary industry. The route to which I have referred is not impossible of realization. It has been the dream of many farsighted people over the years. Premier Frost recently addressed a meeting which I attended and then left to visit the Moosonee area.

Within 50 or 60 miles of Moosonee the provincial government is working on a power development. There is probably more horsepower available in that area than in any other part of Ontario. Power is a major problem in southern Ontario because we have harnessed all the natural waterways that are available for the production of power. In northern Ontario there are many untapped sources of power which have not been taken advantage of as yet. In the same area there is a large supply of cheap coal. The provincial government has spent much money attempting to develop that coal in a form in which it would be competitive with coal from other areas, but the attempt was not successful. However, perhaps it could be developed for use by secondary industries in fulfilment of the vision about which the Prime Minister spoke so emphatically during the election.

There is salt water north of this area, and I can envisage ships sailing into and out of the ports of Churchill and Moosonee and other ports that may be established in that area, not only for three or four months of the year but on a year round basis. The natural advantages of having a port located in a bay rather than on the shore of the ocean are obvious to everyone. Such ports could be protected in time of war, and in this instance they could be protected along Hudson strait. The advantages of the type of development I am depicting would flow to all Canadians in the form of an enriched heritage, and would not necessarily alone provide an increased profit to existing companies in the area.

The type of project I have outlined will involve a number of important considerations which must be taken into account by the Minister of Northern Affairs and National Resources. One such consideration would be the establishment of an investment board. If we are to establish pilot plants, as was done in the Scandinavian countries and Russia in the initial development of secondary industries, money would have to be loaned by

the federal government through an investment board. The federal government would also have to undertake a research program to accomplish the type of development to which I am referring, particularly with respect to the mining industry.

Those who have passed through northern Ontario will have been impressed by the resources and by-products that are waste material from the mining operation. Each mill has a large slag dump which is a collection of finely powdered rock. The establishment there of cheap gas, electricity or other fuel would assist in utilizing this waste product. It could be made into bricks which in my opinion would be superior to those presently available, because they would be made of molten stone when the means of doing this were available. The waste product lies there today in abundant quantity and is valueless because there is no means of converting it into a useful product. With a little foresight a brickmaking industry could be established in this region which would produce a superior product made of natural rock that would serve many purposes not served by the ordinary type of brick presently available.

Considerable research has already been done in this regard. One extreme advantage of this type of brick is that it is opaque, and one can envisage buildings made of this product through which a certain amount of natural light would shine. Although you could not actually see people walking around at night, through the walls of buildings made of this product, a certain amount of light would come through.

The federal government should also undertake further development in terms of parks and access roads in this area. As was pointed out by the hon. member for Timmins, we in northern Ontario are plagued because we have a road running only one way. The area would have an attraction for tourists if it were not for the fact that one has to enter and leave on the same road. I am thinking particularly of visitors from the United States. No one wants to travel 500 or more miles in one direction and return over the same road if he can take a trip of perhaps 1,000 miles travelling on roads that will constantly provide him with new scenery. One should be able to reach the area coming east from Sault Ste. Marie and west from Toronto.

I am convinced that the province of Ontario will co-operate in any development the federal government may wish to undertake in northern Ontario. The provincial government through its engineers has already surveyed the situation in that area with respect to potential development. The federal government has voted moneys for access roads, and if it is sincere in its desire to develop the northern part of Canada I urge it to take into consideration a program of expanded development in northern Ontario.

When secondary industries are developed in northern Ontario we shall be able to produce food for that area and for the rest of Ontario. In the little clay belt and in the great clay belt food can be produced in quantities which cannot be produced elsewhere. This belt consists of six or seven million acres of farm land. The production possibilities of those farming areas are unknown. The federal government has had an experimental station at Kapuskasing in the great clay belt for many years. The development at that station has been phenomenal. If we were given the encouragement and the resources we could develop in northern Ontario an area that could support 10 times the population that is there now, and support it much more advantageously than we can with the small, partial hand-outs we now receive from the government.

We appreciate those hand-outs; certainly all the people who live there and have spent a lifetime developing the towns appreciate the assistance they have received, but this is not the end. We do not want to see a situation develop such as developed in the town of Matachewan, where a few years ago there were two or three thousand people. When that area was developed initially we built railroads, access roads and development roads. We built many towns like Matachewan; we built homes, banks, stores, schools and facilities. Then when industry found that it no longer had ore that was valuable to mine, it moved out of the area. This is a field in which the Minister of Northern Affairs and National Resources must be interested. His department must set up a commission to help those people.

I would suggest that the first stage of this development is for him to examine the secondary industry situation. To do that I would suggest that he set up a commission, or have a number of the officials of his department go to the Scandinavian countries or Russia where they have done development work along this line, if what I read is true. I am told that in Scandinavia when they cut down a tree they do not do as we do, cut down one tree and destroy 10. They do not desecrate the forests. A farmer brings in a tree with the foliage still on it. He brings the tree into the factory and it is processed there and they use all parts of that tree.

They have been able to attain an efficiency of 85 per cent to 86 per cent with their

products. We in Canada are very fortunate if at the outset we are able to get an efficiency of 28 per cent. There are many modern lumbering companies with an efficiency factor of 17 per cent and 18 per cent. I would suggest that we are wasting our resources. We are wasting them because we do not know what to do about them.

I am interested in visiting anybody who has an industry that he wishes to settle in my area. We have many things to offer industries coming in, but we have not been given leadership by former governments as to what type of industry would be willing to settle in that area. The delegation the minister sent to those countries might find out how they got their initial secondary industries started. It may have been necessary to subsidize them; it may have been necessary to have government intervention to the extent of building pilot plants for those industries.

I would like to congratulate the industries themselves—and it is not often that I do this—that have taken the lead and have had the foresight to do something for themselves, in many instances despite the lack of action on the part of governments. I speak of Abitibi and the plant they built at Sturgeon Falls. May of the small lumbering companies are now sending four or five cars of scrap lumber and sawdust to this particular plant. They are making a kind of fibre board that seems to be finding acceptance on the market, which is now replacing many other types of lumber. That kind of action helps to solve problems. I think the company is to be congratulated on the work it did in developing this type of market.

The McFadden Lumber Company at Blind River is another example. They developed a bondwood plant in that town. They may not own the original patent, but they were able to salvage fifth and sixth grade lumber. By cutting it into small strips and using a process of gluing it together they were able to end up with sheets of lumber 16 feet long and 4 feet wide of No. 1 white pine made out of something that previously was considered to be scrap and waste material.

If the government, through its committee or commission, were to go to other countries they would see these things in operation. Certainly Sweden has done an outstanding job in this particular field of lumbering and forestry. If they were to go to those countries they would find out how initially they were able to start their pilot plants or secondary industry plants, under whatever type of financial basis they were established. With that information we would be able to do the same thing in Canada.

I do not think it is a good idea to look at the situation either in Great Britain or the United States, because their geographical situation and their resources are not the same as ours. I think we are going to have to go to a country which has trees and a climate the same as ours, and whose natural resources are the same as ours. We should start on that basis; we should start on what we can do, if we are willing to do it, and this information must be obtained before we decide what we are going to do.

In the two sessions I have been here I have found that the Minister of Northern Affairs and National Resources has imagination and initiative. He has the youthfulness which is necessary, because this is not an old man's area; it is a young man's country. He is capable, and he has the ability to do the developing. If the Prime Minister were realistic about this he would not be concentrating on Frobisher bay. I have no objection to a town being built eventually at Frobisher bay, but I do not think he should start that far away. He should start in on the fringe of our industrial areas and push northern development before him. He should not start on the other side and try to squeeze it down into southern Ontario. He is going to have to work, but I am quite sure that if some initiative is shown this type of vision, this type of program, can be initiated.

There may be some question as to why the federal government should be involved. The provincial government, I suggest—and I do not want to infringe on its rights—is going to co-operate in any way and any manner the federal government may suggest. I also suggest that the provincial government is not in a position to go outside of Canada to get the information and the ideas and talk to the owners of industries in other countries who may wish to put subsidiary plants in our area. We are going to have to co-operate with the provincial government. I am sure their co-operation will be readily given. I say that simply because the government of Ontario is also Progressive Conservative and knows this problem. Premier Frost, when he went into northern Ontario, had a vision of trains going from Toronto to James bay. He has the sympathy and will have the ear of the present government.

I strongly urge that this procedure of understanding and development in the far north be undertaken first in northern Ontario and continue into other areas from that point.

Mr. Nesbitt: Mr. Chairman, I shall try to keep my remarks as brief as possible. This, no doubt, will be pleasing to the members of the committee. I have two little matters I should like to bring to the attention of the minister, perhaps to nudge him a little

bit. These matters have been brought up on previous occasions by myself and by my colleagues, and I would just like to remind the minister of them again.

The first is the question of the upper Thames valley authority in southwestern Ontario, and the second matter concerns Long Point island in lake Erie. I realize that the minister is fully aware of the problem concerning the upper Thames valley authority, and I do not intend to repeat the details for his benefit or for the benefit of other members of the house at the present time. These details are on record.

I should like to say, however, that this project has been started with the construction of the Fanshawe dam at London. It is my feeling, and in fact I would say the feeling of all the people in the area, that this pilot project should be completed. The heavily industrialized and settled areas of southwestern Ontario and indeed parts of Quebec are now beginning to suffer from water shortages as a result of the lowering of the water table and soil erosion. The older parts of Canada deserve some conservation projects, I think, just as well as the new parts. Every spring the Thames river, because of the loss of the forests, floods and in summer of course the river virtually dries up. In the spring there is a flood and much valuable top soil is carried away by the water. If the upper Thames valley project were completed it would protect the top soil which is carried down into lake St. Clair every spring, and which we can ill afford to lose.

Second, as a result of the lowering of the water table in that heavily industrialized and heavily populated area there is a shortage of water in southwestern Ontario. People are having to pipe water in from the various lakes. If this project were completed the water would be conserved for irrigating farms in the summertime, particularly the tobacco farms, and there would also be a maintenance of the water supply for the villages, cities and towns.

Last, but by no means least, the lakes that would be created as a result of the construction of the dams in connection with this scheme would provide much needed recreational areas in this part of the country. For example, in my neighbouring constituency of Perth, which is represented by the Minister of National Health and Welfare, they have the Stratford festival every summer. The cities in that area are small and the facilities for recreation are limited. If the two projects which I and others have in mind were completed in connection with the upper Thames valley program, namely a dam at St. Marys in Perth county and a dam at Woodstock in Oxford county, they would provide recreational facilities and areas for the largely increased tourist trade in this part of the country.

The federal government's share of this project has been estimated at 37½ per cent; the share of the province of Ontario, 37½ per cent; and the cities and municipalities, 25 per cent. The province, I understand, is ready, willing and able to put up its share, as are the municipalities. I would hope the minister would reconsider this matter and discuss it with his colleagues and advisers. I have heard it said that it has not been shown as yet that the cost-benefit ratio would justify the expenditure of this sum. Well, I am not so sure of that. It all depends on how you estimate the cost-benefit ratio. If you include the recreational value at the present time and in the future, and this is an important factor, I am quite sure the cost-benefit ratio would go well beyond the limits that have been set.

I appeal again to the minister on behalf of my constituents and the constituents of my colleagues in the area, who I am sure will be speaking on this matter, for immediate consideration of the completion of this project as soon as possible, because of its value from the point of view of water conservation, soil conservation, flood control, and last but not least, recreation.

This reference to recreation brings me to another subject that I have mentioned in this house on previous occasions, and that is the question of Long Point island in lake Erie. This island is a very interesting place. Once again my views in this connection are all on record and I am not going to rehash them. They are there for those who are interested to read. This island is 18 miles long and is in reality a sandbar stretching out into lake Erie. It is considered to have the best bass fishing and duck shooting on the continent of North America. This island was purchased in 1866 by a company called the Long Point Island Company, most of the shareholders of which are residents of the United States.

In the very heavily industrialized and heavily populated area of southwestern Ontario recreational facilities at the present time are limited. People often have to go hundreds of miles to find a place where they can enjoy themselves. As a result of the greatly increased traffic on our highways, this is not only a chore but is actually a hazard to a family going away for a week end. Here we have in lake Erie an island 18 miles long which is easily accessible from these heavily populated areas in southwestern Ontario and within an hour or an hour and a half's drive. We have this area with the

most beautiful beaches I have seen, but nobody can go on them because a handful of people go there for about a week a year for duck shooting and have this island in their control. It is my feeling, and I have repeated this many times, that this island should be made into a national park. There are other national parks in the great lakes district such as Pelee island, Georgian bay, and so on.

These people who have this island under their control have done very well in the matter of conservation for many years. I believe this country should thank them for that. They should be left a number of acres in order to carry on their activities as a way of saying thank you for what they have done. The game on this island is unique on the continent. However, I do not believe these people, who only go there for about a week a year, need a park of about 21,000 acres. This island should be enjoyed by the people in the vicinity. It is needed now, but it was not needed when these people obtained it. These people should be left with 1,000 or 2,000 acres, but let us acquire the rest of it for the use of all our people.

Mr. Roberge: As you know, Mr. Chairman, I have had the opportunity of serving as a member of the mines, waters and forests committee. I was very interested in the work that was done in that committee. I have heard with interest the statements made by the minister as well as by the witnesses who appeared before the committee. At this time I feel it is only just that I commend the work done by the chairman of that committee, the hon. member for Lambton West. He did direct the work of the committee in a very able manner.

(Translation):

Mr. Chairman, we were reminded this morning by the Leader of the Opposition that the legislation setting up the Department of Northern Affairs and National Resources was incorporated into our statutes by the Liberal administration headed by the Right Hon. Louis St. Laurent. He also reminded us of the fact that the original holder of that portfolio was the former member for Montmagny-L'Islet, the Hon. Mr. Lesage, whose departure was a matter of general regret in this house. Incidentally, I congratulate him on the sound administration he gave the Department of Northern Affairs and National Resources and wish him, in his new capacity, every possible success. I hope he may even become the next premier of Quebec.

Mr. Chairman, we have heard a great deal of late about vision. We had heard about it too during the election campaign. I do not think I would be far wrong in stating that the Prime Minister and the members of the government have established a very close relationship between that vision and the public works program of $1,185 million announced by the government.

We are convinced that that public works program in northern Canada cannot solve unemployment, although it was in that particular sense that it was put before the people of this country. Of course, this is not saying that we, on this side of the house, are opposed to northern development, or to the exploration and possible future development of our natural resources, but I do want to emphasize that the government made much of this vision when they described it to the Canadian people during the election campaign.

If the Prime Minister and his colleagues want to keep on saying that they had a vision, that is their privilege. On this side of the house, though, we can say that the former government and particularly its Minister of Northern Affairs and National Resources had been both wise and realistic in providing for such steps as appeared necessary for the future development of Northern Canada and in making preparations in that regard. I searched the records of this house on the matter, Mr. Chairman, and I also made a detailed study of the various publications printed for the Department of Northern Affairs and National Resources, as well as the briefs submitted to the Gordon commission on economic prospects.

In the record of the 1953-54 session, I found some sentences spoken by the then prime minister, the Right Hon. Louis St. Laurent, when he introduced in this house the bill creating that department. This is what he said, according to page 697:

> One subject to which such increased emphasis will be given by the passage of this bill is the administration and development of our northern territories.

And he added in the same speech:

> Now, it seemed to us that it was becoming increasingly apparent that it would be desirable to alter the situation and to create conditions in which it is clearly indicated that the government and parliament want further attention given to the development of our north country, and I may say that that was further impressed upon us by the fact that there have to be quite a number of non-Canadians going into that territory. We felt that it was very important to have the situation such that, whenever they went there, they realized they were in Canadian territory and in territory that was administered by Canadian authorities.
>
> The present bill is designed to give more emphasis to the fact that the people of Canada are greatly interested in this northern territory and regard it as an important part of the territory subject to the sovereignty of the Canadian nation.

And I also read on page 700 the following paragraph which has already been quoted this morning in English by the Leader of the Opposition.

We must leave no doubt about our active occupation and exercise of our sovereignty in these northern lands right up to the pole.

In the report submitted to the royal commission on economic prospects by Mr. F. H. Collins, commissioner for the Yukon, I find the following text on page 5:

(Text):

This brief has as its objectives an assessment of the contribution that the natural resources of the Yukon Territory might make to the Canadian economy of the next quarter century and an appraisal of the courses of action which appear to lie open for promoting the achievement of that contribution. It describes in turn the territory's natural resources, its population, and the economic development it has undergone; it then proceeds to assess the future prospects of the Yukon's mining industry and the problems facing future economic expansion. Lastly, it suggests how this economic expansion might be encouraged and why early action along certain lines appears to be justified.

(Translation):

And on page 19 of the same report we see the following statement:

(Text):

The requirements that the next 25 years may bring for the construction of roads are given illustration in those roads which even now would form highly useful adjuncts to the territory's system of development roads.

(Translation):

The commissioner for Yukon then sums up the works to be done in connection with access roads and what I would call connecting roads. Moreover, he speaks about certain roads already started. It is certainly not necessary for me to read this whole passage since it can be found after the previous quotation.

And then he goes on to say on page 20 of the report:

(Text):

Although these appear now as the greatest needs that the foreseeable future holds for the construction of roads in the territory, the succession in which they may be built is by no means certain, nor is it unlikely that the priority given each individual road will undergo substantial revision. They nevertheless point to the significance that the provision of further roads will have for the developing Yukon economy.

(Translation):

In the brief submitted to the Gordon Commission about the Northwest Territories we again find substantially the same conclusions.

I should like to recall also that it was under a Liberal regime that positive action was taken concerning our sovereignty over Canadian northern territory; may I recall also to the house the trip made by His Excellency into the Canadian northern territory some two years ago.

The main thing, Mr. Chairman, is to establish a link between central and northern Canada. I hope that this government will carry on the policy established in this connection by the previous government. If I remember rightly, the minister has referred to this in committee. That area must be developed in accordance with a plan as definite as possible and that plan—I am glad to emphasize this once again—was prepared under the old Liberal regime, as pointed out this morning by the leader of my party.

What change did the present government make in the plan? They merely accelerated its implementation, cutting down to five years what the former government had planned to do in 25 years and what economists also estimated would take 25 years to put into effect. We can well wonder whether the government was serious when its candidates stated, during the last election campaign, that an immediate result of those projects would be to cut down unemployment and, I repeat, as I have already said and as others have said: it is not in Northern Canada especially that there is unemployment but in areas already developed where more workers are living.

I would suggest, Mr. Chairman, that there are other reasons to accelerate the implementation of this plan. When the department was created in 1953 the prime minister at that time referred to non-Canadians interested in those northern territories. No doubt he was thinking of those lands located farther north than the Yukon and the Northwest Territories. It was therefore necessary to group under a single administration responsibilities which, until then, had been spread over several departments or divisions.

Since then, we have seen important developments in ballistics and long range missiles. Very recently, we have learned of developments in submarine transport.

During the same period and closer to us, we have witnessed the construction of warning lines such as the Dew Line and the Mid-Canada Line.

If, Mr. Chairman, the government wants to speed up the exploration and development of our rich northern areas because of such events or of future developments which we have reason to dread, we Liberals are all for it. But even without such developments, we are in favour of the opening up of our northern territory, as has been already demonstrated by the Liberal government. It remains to be seen whether the acceleration

of development at this time is desirable economically, considering the urgent needs felt in other sections of Canada.

But, Mr. Chairman, in my opinion, those projects cannot help the unemployed, and yet it was in this guise that they were dangled before the people. How many men are back to work on account of such projects?

As you no doubt know, Mr. Chairman, the functions and responsibilities of the Department of Northern Affairs and National Resources are not limited to the Yukon and Northwest Territories; section 7 of the Northern Affairs and National Resources Department Act, 2-3 Elizabeth II, Chapter 4, prescribes:

(1) The Minister may formulate plans for the conservation and development of the resources of Canada and for research with respect thereto,

This section also provides that:

(2) The Minister may co-operate with the provinces and municipalities in carrying out any conservation or development plans under subsection (1).

It so happens then, that under the estimates of the Department of Northern Affairs and National Resources, which are before us at this time, certain grants or subsidies may be made to provinces, and to the province of Quebec in particular. Now, how could the province of Quebec benefit from those contributions put at its disposal by the federal government as would the other provinces?

Well, Mr. Chairman, if I turn to page 403 of the estimates, I find there "contributions to the provinces of amounts equal to one-half of their expenditures for camp ground and picnic area development." I understand this is a two-year plan and that the required amount has already been expended, or almost. I understand too that these camp grounds or picnic areas must be established alongside highways. In Megantic, more particularly, there are three provincial highways crossing the county lengthwise, whereas two other highways cross it breadthwise, at least in part. Along at least three of these roads there are magnificent lakes which could easily be developed, if not from the tourist point of view, at least for the benefit of the young people of adjoining municipalities. This could be done if advantage were taken of these contributions to the provinces.

Contributions are also made to the provinces to help them build access roads to certain resources under the provisions of certain agreements, already in force, or about to become so. An amount of $9,000,000 has been set aside in the estimates in this regard, on page 424 of the blue book.

Intense exploration is going on at this time in northern Quebec, with already highly satisfactory results, especially as regards iron ore. Will the province of Quebec take advantage of these contributions or will it act in its accustomed manner, refusing any part of the necessary or at least useful subsidies put at its disposal by the federal government?

Obviously I am not talking about national parks since no national park in the province of Quebec comes under the jurisdiction of the federal government, although there are historic sites maintained by the federal government as, for example, the Battlefields park in Quebec, and some others.

Our national resources, Mr. Chairman, are not limited to our mines, there is also our forest system which is of interest to each and every province. This year we will be called upon to vote $1,650,000 to help the provinces to take stock of their forest resources, to undertake reforestation and to protect their forests against fires, all this in accordance with certain agreements. I refer now to page 429 of the blue book. Obviously, several provinces will take advantage of that assistance from the federal government and, unless I am mistaken, the province of Quebec may be the only one to do without it.

Roads and access routes to those forests are also necessary. The federal government is offering one million dollars to the provinces in this connection. Once again, what proportion of this amount will the province of Quebec get, if the provincial government of my province clings to the policy of non co-operation it adopted when a Liberal administration was managing the affairs of this nation?

All those amounts which are lost to Quebec are lost because of Quebec's insistence on making political capital with federal-provincial relations, both in the fiscal and other fields, whereas all parts of Canada should be co-operating in the development of our country.

I am convinced that the Quebec government is as anxious as other provincial governments in Canada to develop its own province. Some one will object that national resources come under provincial jurisdiction. I agree; the objection will also be made that if the Quebec government accepted those subsidies from the central government, it would destroy provincial autonomy. The easy answer to that one is that central government contributions will in no way prevent provincial authorities from exercizing that autonomy and from favouring the more particular interests of the residents of Quebec with regard to natural resources.

These resources will certainly be neither inconsiderately diminished nor dilapitated if federal aid is acquired by the province.

Over the years, the Quebec government has refused to co-operate with the central authority, on grounds of provincial autonomy, when it suited its purpose, but in other fields saw no disadvantage or danger in doing so.

The people of the province of Quebec are well aware that, for many years, they have lost millions of dollars because of this refusal to co-operate. We hope this deficiency will now cease and that relations between the governments of the same colour, or almost the same colour, on both levels, will help Quebec obtain the amounts of money earmarked for that province as well as for the others.

(Text):

Mr. Herridge: Mr. Chairman, I am going to be very brief but I rise on this item as the appropriate one on which to utter a few sentences.

I would like first of all to express my appreciation for the interest and industry of the minister, and his serious concern with respect to the development of a policy for our natural resources. I have had the opportunity to have one or two chats with the minister, and have been very pleased after conversations with him to understand his general approach to the whole situation. In addition, I would like to express my usual appreciation of the good work done by the staff of his department with all its ramifications from water resources to Eskimos and caribou.

For some 13 years I have been one of those members of this house who have been urging the standing committee on mines, forests and waters to sit and have an opportunity to examine the estimates of this department and those of the Department of Mines and Technical Surveys. I think we must give credit to the minister in that he has seen to it that this committee has sat during the current session and has had the opportunity to hear evidence and to hear a statement from the minister. This is the only part of the minutes which I have had the opportunity to read, but I am very pleased to note in that statement the government's philosophy and its thinking in general with respect to the development of our natural resources.

I am always delighted when I find governments accepting piecemeal and from time to time policies advocated from this corner of the house. We are always ready to give credit where it is due, and in this respect I am very pleased about two things in particular. First, I should like to quote from the minutes of the committee at page 19, where the minister, as part of his statement, said:

> The tenth point is that of conservation. There will be a conservation conference called to plan the most efficient and effective use of the resources of this country at national, provincial, municipal private and research levels, because there is no use, gentlemen, in building roads and finding out the area of energy resources and finding out the area of mineral resources and in putting them together in juxtaposition, planning for the processing here in Canada—there is no use in doing all this work if there is not some thought given to a long range conservation concept of the most efficient use of those resources.

We in this group support that statement by the minister without any qualification, and if this government gives effect to that concept we shall be very pleased indeed.

As you know, Mr. Chairman, for a good many years I have had resolutions on the order paper expressing the point of view of this group with respect to the need for a dominion-provincial conference to establish national principles and policies with respect to the development of our renewable natural resources, and I am very glad indeed, as are the rest of the members of this group, that the minister has made this statement. We know it is not a very definitive statement so far, and we will have to see what the future brings forth, since our fingers have been burned on previous occasions when we have been a little too optimistic.

I have been in the habit of taking people at their word, but then I have lived among lumberjacks and they are very simple and straightforward people, but the statement sounds very well and I trust that without undue delay it would be put into effect. We are very pleased to observe this attitude toward this question because there is no doubt we have got to have an acceptance of national principles and policies with respect to the development of natural resources, and then co-operation between the various levels of government and private industry to put these policies into effect for the advantage of Canada as a whole.

My second point is that I was particularly pleased to see the mention made by the minister in his report with respect to his roads to resources program. I think there was some imagination used, not only in the terminology but in the policy itself. Although the funds which have been allocated for this purpose to date have not been very large, I hope they may become what one could call the embryo of something which will develop into a very substantial policy, because I think

it is very necessary to the satisfactory development of our provinces. First, there should be a policy with respect to principles, and a policy with respect to the development of natural resources as far as conservation is concerned, and then access to these resources.

I rose to mention those two points in the minister's report, in particular. As I said, I have not had the opportunity to read these minutes as they are the sort of thing I pack into my briefcase when I am going home on the train, and read at leisure by way of light reading. I shall not say any more at this time. I shall have something more to say on the water items and on the forestry branch, but I will not detain the committee any longer at this time.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, unlike some other hon. members who have preceded me in the debate, I do not intend to get into a controversy over the merits or demerits of the present minister of northern affairs compared with the previous minister. In any event, I think it is common knowledge that the present encumbent is the most capable individual who has ever held the portfolio. However, I should like to make some brief observations concerning Cape Breton Highlands national park which is located in my constituency.

I should like to commend the minister and the government on the winter work program which was carried out last year. There was a great amount of excellent work done by the workers who reside in the area, under the capable supervision of Mr. J. H. Atkinson, the superintendent of the park at that time, whom I understand has served many years in the parks service. Unfortunately the department has seen fit to transfer him to Newfoundland, but what has been our loss will undoubtedly be Newfoundland's gain. I have no doubt that the present superintendent will continue to carry on the work here in a very capable manner.

There is one point in the annual report under the national parks branch which says that the increase in the number of visitors to the park is reflected in the increased use of the recreational facilities. That is true, and I fully agree with it. To give the committee an example, in 1955-56 we had 75,310 registered visitors to the Cape Breton Highlands park. In 1956-57, there were 116,556 an increase of 41,246. In the year just ended the number went up to 128,397, another increase, of 11,841, and I have no doubt that a new record will be set in the present year.

As I have already stated, a great amount of proper work—I use that term—was carried out in the park last winter with regard to camping grounds, and my attention has been drawn to a newspaper item in the Cape Breton *Post* some days ago which stated that at Ingonish more than 1,000 visitors jammed the camping grounds on a week end, and that a total of 600 were registered on another particular day. This will give the committee an idea of the extent to which these camping grounds are being used. The article goes on to say that campers have the use of showers, washing machines, tables and parking facilities, all for 50 cents a night a car, regardless of the number of passengers. This is a very good thing. We are doing something here for the ordinary people of Canada—the workers who wish to take their families and their tents and get out among the beautiful scenery that exists on Cape Breton island. I may say that I doubt that any other scenery in Canada can compare with it.

On this same subject, I hope the minister is listening very intently and that in the coming winter we will see another winter works program along the same lines as last winter, because this park could be developed to a much greater extent than it has been developed so far.

There is one other point I should like to mention at this time. Some days ago when we were discussing a bill to transfer certain land from the park back to the province for hydro development I mentioned that I felt the minister and the department should give consideration to expanding the park boundaries. I do not know if the minister was fully aware of what I meant at that time. I felt quite sure he was, but I noticed an editorial in the local newspaper afterwards which stated that it appeared that the minister and myself were unable to get together on this matter, so I should like at this point to reiterate what I have already said. My idea was that the department should give consideration to the inclusion within the park boundaries of all the northern tip of Cape Breton island. The minister did make a statement concerning the difficulties posed by town sites and so on. Well, we do not have any town sites here, only a few villages which do not extend more than a few hundred yards inland. I have in mind that if and when the park boundaries were extended we could skirt these villages and go up into the north country, as I mentioned some days ago, taking in Inverness county and down that side of the county where there are no villages that I can see on this map. I hope the minister will give every consideration to this suggestion. I can understand that there may be problems when there are town sites

within parks, but I do not see how any great problem could be created by this suggestion that I am making.

Another matter which I should like to bring to the attention of the minister is one that I mentioned in the debate on the speech from the throne on November 12 last year, namely the discrepancy in the wages paid to employees of the Cape Breton park as compared with those paid to workers in other parks throughout Canada for the same type of work. I do not know just how the authorities arrive at the amounts that are paid to workers in the park, but I understand that they are based on the prevailing rate for the area, and this is difficult to understand as there is no prevailing rate in this area because there is no industry there. I cannot for the life of me see why anyone working in the Cape Breton national park should receive less money than anyone who is doing the same job, let us say, in the Banff national park. I am sure the minister and his officials have already taken up this matter and I sincerely appeal to them to continue to give further consideration to the suggestion that wage rates in this area be placed on a level with wage rates paid in other national parks in Canada.

I raised another point on a previous occasion and no action has yet been taken in this regard. I trust that the department is giving consideration to the construction of a new club house at the golf course in the Cape Breton Highlands park. We have there, one of the finest golf courses in the country but I am sorry to say the club house is not in keeping with the standards of the golf course.

Although there are other projects which could be undertaken in the area and mentioned now I wish to bring to the attention of the minister and his department and impress upon them at this time only the three most important points I have raised. The first is a request for the initiation of a winter works program for the coming winter. The second is a request for consideration of the expansion of the boundaries of the park. The third is a request for an increase in wage rates paid to employees in the park.

I understand that the period has expired during which the provinces could indicate their willingness to participate in assistance from the federal government in the program of establishing campsites and picnic areas. I urge the minister to give consideration to renewing this invitation so the provinces can further participate in the program. Some excellent work has been done in the province of Nova Scotia as a result of this program and I hope the minister will give sympathetic consideration to the requests I have made in these few brief remarks.

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

Mr. Rouleau: Mr. Chairman, all of us realize the importance of the tourist industry in Canada. We had the opportunity to gain further proof of that fact a few weeks ago when we discussed in this house a proposal for joint loans to tourist resort operators. The tourist industry is a big business. It ranks third among Canada's major industries. In 1956 tourists from foreign countries spent $335 million in Canada while in 1957 they spent more than $350 million here.

What about the amount of money spent on travel by Canadians? It is quite impossible to estimate it but I am sure to be not far from the facts when I say that at least the same amount of money must be spent each year on travel by our fellow Canadians. If we look at the statistics we realize that for the past ten years, for instance, the tourist industry has developed at a tremendous pace in Canada. The tourist industry which brought in $270 million in 1948 will probably bring us $370 million in 1958. Since approximately 90 per cent of our tourist business comes from our neighbour south of the border it provides a source of United States currency of which Canada is always in need.

As I just said our best market for the tourist industry is the United States of America. In 1946 United States travellers spent some $308 million in this country while $27 million were spent by visitors coming from other countries of the world. We can increase our market in the United States and at the same time easily create new markets in other parts of the world. We in Canada have everything to offer tourists. The beautiful and diversified scenery of our country from one ocean to the other is second to none in the world.

I am certainly not going to go into detail in an attempt to give a description of every region in Canada. Hon. members with every justification have praised their own ridings in this house on occasion. I wish only to mention the majestic beauties of the province of British Columbia with its mountains, its beautiful cities of Vancouver and Victoria; the grandeur and majestic beauty of the Rockies which are not surpassed by any country in the world; the colourful spectacle of the Calgary stampede; the vastness of the central provinces; the famed Niagara falls for romance; the Queen city of Toronto; northern Ontario and Quebec with their thousands of lakes where fish and game can be found in abundance; our cosmopolitan Montreal with hundreds of attractions of all kinds; the charm of that historic, typical French city, Quebec; the little paradise for tourists which forms the maritime provinces and our St. Lawrence river which is the country's longest inland river.

We in Canada can offer winter as well as summer activities. We have plenty of snow in winter for skiing and the air is invigorating. For the sportsman Canada offers unlimited opportunities for fishing and hunting in the spring, summer and fall when Canadians as well as tourists can take advantage of the thousands of lakes and the rich wooded areas which are found in almost every province. We have all kinds of summer and winter resorts. We have some of the best hotels in the world. In our big cities we have facilities for large conventions. The Queen Elizabeth hotel just completed in Montreal can accommodate small and big conventions as well. We can offer one of the best transportation systems in the world, either by train, plane, car or boat. All that we have to offer we have to promote. The Department of Northern Affairs and National Resources has done a good job in the past, but more should be done. Our national parks which are a big attraction to the tourists should be multiplied and beautified. We should find more picnic grounds alongside our highways, we should find better accommodations for tourists.

According to the annual report of the Canadian travel bureau, which was established in 1934 and which is responsible for the promotion of travel to and within Canada and for the general welfare of Canada's tourist industry, that agency has a staff of 85 to 90 in Ottawa to do the job of promoting Canada. According to the same report there are also offices of the bureau in New York and Chicago with small information staffs, as well as a travel representative at the Canadian consulate general in Los Angeles. At page 1951, of the annual report of the Department of Northern Affairs and National Resources for the fiscal year 1956-57 we find the following statement:

> In 1956, the bureau achieved a new all-time record for inquiries handled during a single year. A total of 538,063 inquiries were received 460,882 by its Ottawa office, 55,181 by the New York office, and 22,000 by the Chicago office. An advertising program at a cost of $974,607 was conducted in 50 magazines and 59 newspapers in the United States. Combined circulation of the magazines used totalled 71,909,759.

As far as I am aware the Canadian government travel bureau is doing a good job considering the small amount of money they are given for doing so.

As I said at the beginning of my remarks, the tourist industry brings over $350 million to Canada every year. That amount exceeds the sum spent by any department of the federal government save the Department of Health and Welfare, the Department of Finance and the Department of National Defence. It is one of our largest industries and we should do the utmost not only to maintain but increase it. Any amount of money spent on it is a sound investment. The government should give consideration to expanding our Canadian government travel bureau and should do even more than is presently being done to multiply and beautify our national parks.

I also wish to suggest that a department of tourist travel and information should be created by the government, under whose jurisdiction would fall the national parks, the Canadian government travel bureau, the Canadian Broadcasting Corporation, the national film board and any other bodies related to the tourist industry and information in Canada and abroad. I submit that every possible consideration should be given to the suggestion I just made. Its purpose is not necessarily to find an opening for the many candidates there are for government posts, even if it would help the Prime Minister satisfy at least one of the many ambitious supporters of his party in the house.

The sole purpose of the formation of this new department would be to help promote by all means the tourist industry in Canada. It would also put under the authority of the same minister the bodies and corporations which have to work closely together in order to achieve good results, namely national parks, the government travel bureau, the Canadian Broadcasting Corporation and the national film board. If each and every one of those bodies have done a great job so far, they can do better still if they are working under the jurisdiction of the same minister. I hope the government will take this suggestion under serious consideration.

In closing, I should like to ask the minister if he can tell the committee whether the government has any program or plans for the development of the tourist industry in Canada?

Mr. White: Mr. Chairman, I want to take about five minutes of the time of the committee to say a word or two about western Ontario and the development there, past, present and future. I wish to bring to the attention of the minister the site that was first mentioned and developed by the late John R. MacNicol, a former member of this house. That area was situated in Kent county adjacent to the river Thames on No. 2 highway. This was the site of an Indian village which was destroyed by invading Americans many years ago. The site was lost for many years. Through the efforts of John R. MacNicol and many of the local residents the area has been developed, a small park was provided there and any time that I ever

drive that way I find the park is in use by tourists and visitors from the United States and the surrounding area. It is my opinion that this could be expanded.

I understand that in the area there are many people who are in possession of Indian relics of one kind or another and that possibly on the site a museum could be constructed which would house—and I know there are many who would contribute—those Indian relics to this museum. There are also some materials which were used by the pioneers which may disappear entirely from the Ontario scene in a very few years. They could well be housed there. I hope the minister will give serious consideration to the expansion of this project because it is situated on a very busy highway and it is a pleasant place for people to stop off at and rest. It should be very carefully considered by the minister.

While I am mentioning the name of John R. MacNicol may I say that I believe he was one of those who first mentioned the possibility of the development of the South Saskatchewan river dam.

I want to turn now for a moment or two to the Thames river valley authority and to endorse the words of the hon. member for Oxford who preceded me a little while ago. I want to point out to the minister that the work commenced by that authority some years ago is now about half completed. I refer to the major project. The Fanshaw dam has now been in existence for some years and has proven a boon to the community. But there are many other developments on the upper Thames valley which have been contemplated, and I believe considered by the minister, and we are hoping that, as the hon. member for Oxford mentioned, the pilot project will be completed.

The water problems in southwestern Ontario are acute and any development there should take water conservation into consideration. I am one of those who believe that the restoration of our forests is a fundamental part of any conservation program so that any area in the watershed that can possibly be considered as submarginal land should be devoted to forest growth.

Another problem has developed. The Fanshaw dam in the upper Thames valley was sold to the residents of the valley as a conservation measure to ensure a fresh and continuous flow of water through and beyond the city of London. However as soon as the dam was completed the city of London commenced to draw off water for city use. They polluted it with sewage and dumped it back into the river. For 50 years the city of London has also been using artesian wells nearby. Actually what has happened is that in a sense the city of London has been stealing water from the surrounding municipalities. Those municipalities find this embarrassing and the farmers in the nearby areas not only find it embarrassing but expensive because of the lack of water. It is a detriment to the farms in the community and a financial loss to many of the farmers. Therefore, when we are considering a conservation program. we should have regard for use of water.

A program that I advocated—and I am quite certain I was not one of the originators—at the University of Western Ontario some 13 years ago was to draw a supply of water for the western Ontario area from lake Huron by means of a pipe line. It would supply many municipalities en route to the city. Now with the introduction of the Ontario water resources commission this plan is under very serious consideration at this time. The city of London favoured the plan. I mention this because it has a relationship to the conservation of water and other resources in the upper Thames valley area.

But, strange as it may seem, the public utilities commission which provides the water for the municipalities and have, as I said, secured their supply of water from the adjacent municipalities by artesian wells are inclined to oppose this forward-looking plan of the Ontario water resources commission. The public utilities propose a filtration plant at the Fanshaw upper Thames valley site. The net result will be that there will be less pure clean water flowing down the Thames river through London, Ontario, and more polluted water added for questionable downstream benefits.

The department of northern affairs and all other public bodies interested in this problem should take a long forward look at it, not with a view to ascertaining what the results might be tomorrow but what the needs and results might be 50 years or more hence. I am not against, in fact I am for, the completion of the upper Thames valley authority plan as soon as possible. However, I want it to be a plan which will serve the greatest number of people in the area and which will give the greatest possible benefits for the dollars spent.

I do not want to take any more of the time of the committee in discussing the upper Thames valley authority. I hope the minister will look favourably upon the plan and consider it when he is compiling his estimates for the coming year.

I do want to say a word about national parks. I was very interested, as I am sure the members of the committee were, in what the hon. member for Oxford said about

the problem of Long Point island. I endorse what he had to say. I should like to refer also to an area called Mitchells bay where United States interests hold a long-term lease. They secured this lease from the former government. I, like the Prime Minister, believe in Canada for Canadians. I hope that when these leases run out they will not be renewed. I hope that the policy of the government eventually will be to create a national park in that heavily populated area.

(Translation):

Mr. Stearns: Mr. Chairman, my remarks will be brief, but I wish to say something in French, in my capacity as an English-speaking member from the lovely province of Quebec.

I wish to congratulate the Minister of Northern Affairs and National Resources and the Minister of Mines and Technical Surveys on the magnificent job they are doing for the benefit of every Canadian.

Mr. Chairman, speaking as a member of the permanent committee on mines, forests and waters I can assure you that the members of that committee have done yeoman service from the national point of view. Indeed, the speeches delivered this afternoon by hon. members of all parties, C.C.F., Liberals and Conservatives, were most complimentary of the work done by both the department of northern affairs and the Department of Mines and Technical Surveys. Once again, then, I congratulate the ministers in charge of both those departments.

(Text):

If I might say just a few words in English, I would call attention to the fact that in the province of Quebec we have a little different problem from that of the other provinces. We look after our own forestry affairs. The only reason we are doing this is that, in the past, we have never been encouraged by the federal government to participate in forestry affairs. Whether or not this was because of politics or for other reasons, I do not know. Perhaps in the future we will be included in the program of the department of northern affairs.

However, we have not done badly in Quebec because we have formed an association called the Quebec forestry association. This association has been the godfather of a system of 4-H clubs. The boys and girls who belong to these clubs are spreading conservation propaganda throughout their towns and villages. This has been going on now for 16 years and the results have been remarkable. The future of our province is just as much dependent on the forests as the future of any other part of Canada. Representatives from a great many of the other provinces of Canada should come down to Quebec to see the way in which the 4-H clubs are managed and the work they do in connection with conservation, the planting of trees and general education.

Mr. Howard: This vote offers members, especially those from the more remote parts of Canada, an opportunity of expressing their views on the program of the department and making some comments about the general development of northern areas. I hope that other hon. members will avail themselves of this opportunity, as I intend to do, to relate the program of this department to their particular constituencies as well as the overall good of the nation.

I should like first to make a few comments on this so-called roads to resources program. At the outset I would say that, in so far as the roads to resources program is concerned, it means practically nothing to northern British Columbia or to the type of program that was instituted for the building of roads prior to this government taking office. Certainly there have been changes to the original plan. I might say, with respect to the desk pounding that just took place, the former Liberal government had little to do with it, either.

So far as northern development roads are concerned, and particularly the one known as the Stewart-Cassiar road, they were undertaken originally by the provincial government through its department of mines as mining access roads. Just prior to the federal election of 1957 the federal government entered into a 50-50 agreement with the province for the building of that Stewart-Cassiar road. I am pleased to see that even though it has taken a year or a year and a half to put the agreement into concrete terms I believe it has been either completed or is nearly completed. I hope that when the minister rises to make some comments he will undertake to give us a little more detail about the state of affairs with respect to the federal-provincial agreement to build the Stewart-Cassiar road, especially whether or not the contract has been signed or whether it will be signed in the near future and generally what are the provisions of that agreement.

This Stewart-Cassiar road, as I said, was envisioned by many, many people in British Columbia, certainly those living in the area, a long time before this government took office. I am not saying that it is not a good project for federal government participation. I have no immediate personal knowledge of the effect that similarly constructed roads will have on other parts of Canada, but I do

have personal knowledge of the effect the Stewart-Cassiar road will have upon the development of northern British Columbia. When it is completed it will offer a means of removing natural resources from the sites in which they are located at the moment to a deep sea shipping port.

There are also some other factors that must be taken into consideration. It is true that such a road will have a beneficial effect upon the Cassiar Asbestos Corporation in northern British Columbia. We hope it will have a beneficial effect on the Grand Duke mine which has been discovered in that area and where they have now blocked out more than 26 million tons of a fairly good grade of copper. There are many other mineral deposits under claim in that area that will be beneficially affected by the completion of this Stewart-Cassiar road.

However, the vision of this government should not stop merely at Stewart or the other terminus of the road, Cassiar. The government should consider, if it has not already done so, the extensions that must be made to the Stewart-Cassiar road to provide access into and out of the area other than through the deep sea shipping port at Stewart. I would point out that connected with the proposed route of the Stewart-Cassiar road there is a very well defined, broad low level valley extending from Kitimat through Terrace and Aiyansh and northward through that area. In part of that area roads have already been constructed. I suggest that the government should give a good deal of consideration to participating in a similar financial way with the province of British Columbia in order to connect the proposed Stewart-Cassiar road with a road system extending down the Kalum valley to Terrace, highway 16, the C.N.R. line and deep sea shipping ports either at Prince Rupert or Kitimat.

I would also suggest that there are other mineral resources in the area farther to the east that require road access to them. Just north of Hazelton a group of citizens, using their own money and logging equipment, undertook last year to start the construction of a road heading generally in the direction of the Stewart-Cassiar road. They hope to link up that area farther to the east with the area to the north that will be affected by the Stewart-Cassiar road.

What the mineral potential is in that whole northern half of British Columbia may be known to some extent because of exploration work already done by prospectors and mineral claims that have already been established. But in addition, and I am sure the minister will agree with this, there is still a vast potential of unexplored mineral land in that part of the province. In past years the attitude has been that people should pioneer and develop an area first before the government would consider building roads into it but I hope sincerely that the present government will reverse that attitude and on the general basis of potential mineral, hydro-electric and industrial development in the area will undertake to build roads first knowing full well that they will have to be built in any event. I hope they will undertake to build roads first so as to assist in opening up the country and bring about the more economic development of the mineral resources that we know are there.

I just want to make one or two comments about roads to resources, or whatever term they are known by, in so far as British Columbia is concerned. If the minister wants to go one step further than the former government, and I am sure he would like nothing better than to outdo the Liberals at every opportunity; if he would like to show that so far as British Columbia is concerned this roads to resources program really means something he will not rest content with merely carrying out the program of 50-50 participation in the Stewart-Cassiar road but will exercise his ingenuity and imagination and give expression to what I am sure is his heartfelt desire to open up these areas by taking a look at the road connections which must be made between sparsely settled areas that have a road system of sorts and those areas that do not now have a system. He will enter into immediate negotiations with the provincial government to extend the provincial highway now existing between Kitimat and Terrace, from which point onward to Aiyansh the highway is now being privately constructed by the Columbia Cellulose Company, and for the extension of that road system farther northward until it meets the Stewart-Cassiar road. The area will then have access by road and rail and by shipping. In addition, he should also take into consideration the potential mineral and agricultural area to the east north of Hazelton and also enter into negotiations to provide a connection between the Hazelton area and the northwestern part of the province.

Mr. Cadieu: Mr. Chairman, in my few brief remarks I first want to congratulate the Minister of Northern Affairs and National Resources for bringing such a worth-while program before the house, one which is long overdue. The people of my constituency are deeply concerned about northern road development. I must also pay tribute to those people of Meadow Lake constituency who have formed Meadow Lake Freightways and have bulldozed a winter road through to the

south shore of lake Athabasca, thus making it possible to take in freight during the winter months to serve the vast mining area in and around Uranium City. This project has reduced transportation costs by 7 cents a pound. An all-weather road over this route would further reduce the cost of operating in this area by eliminating the necessity of stocking an eight months supply of all necessary commodities. It would open a potential 150,000 square miles of virgin territory to commercial fishing, lumbering, mining and tourist traffic.

Aside from these important facts, all Canada is interested in achieving road access to the huge uranium strike in and around Uranium City. We in the north look forward to making a considerable contribution to Canada's export trade through uranium as well as to our own national development. I look upon this road as a very urgent project and I sincerely hope that the government of Saskatchewan and the federal government will be able to work together to make this worth-while project a reality. I hope it will not be too long before I will be able to announce to the people of Meadow Lake constituency that the surveying of this worth-while project is under way. I have made many trips over this route from Buffalo Narrows to the south shore of lake Athabasca by air. I feel that this is a very urgent road and I certainly hope that we in Meadow Lake will see this become a reality.

Mr. MacLellan: Mr. Chairman, I should like to bring to the attention of the committee and the Minister of Northern Affairs and National Resources a matter which I think is of importance not only to my constituency and the province of Nova Scotia but also to Canada. A few days ago it was my pleasure and honour to be present at and associated with the ceremonies that marked the remembrance of the siege of Louisbourg on July 27, 1758. The complete success of the ceremonies and the arrangements made by the bicentenary committee are a great tribute to them and the occasion was very well commemorated.

I should like to express my sincere appreciation to the minister and the other departments of the government and to the provincial government for the co-operation that made the ceremonies in remembrance of this occasion the outstanding success that they were. It was certainly noteworthy as showing the interest of Canadians in Louisburg that approximately 40,000 people attended the three-day commemoration ceremonies.

Good work has been done to date at Louisburg. We have a museum containing a reproduction of the fort and the fortress town as it was in the middle of the eighteenth century and there are also many maps and records which to some extent portray the story of the town. I feel, however, that Louisburg has been very largely neglected and that its potential as a great national park has been overlooked. I feel that no stone should be left unturned to ensure that it should be seen by every Canadian as a modern record of a most important battleground in the history of our country and so that our people may be able to examine the monuments and records which still exist.

As has been said by others, we Canadians have a responsibility to preserve our great landmarks so that they may be enjoyed by future generations. Every school child on this continent is, I am sure, familiar with the story of Louisburg and the part it played in the history of North America as the guardian of the St. Lawrence and the foremost sentinel of France in the year 1758. I am sure all Canadians would be interested in seeing the historical relics there if they could be assured that the area had been sufficiently developed to illustrate all the interesting facets of early Canadian history. The battles before the walls of the ancient town and those in Louisburg harbour should be clearly illustrated by means of maps, et cetera, and many, many things could be done to restore the fortress itself, which was perhaps the finest fortress of its day in the only walled city in North America. It would be almost impossible to completely restore the area or at least it would cost hundreds of millions of dollars to do it. No one could expect that, but I do believe this government would find it wise to invest in the restoration of some of the walls of the fortress, to outline the main gates and to post signs to clearly indicate where the battle of Louisburg was fought, besides providing roads and better accommodation for visitors.

I believe, furthermore, that a road should be constructed for the use of automobiles so that they may have access to the park because a large number of visitors do come to Louisburg as they did during the recent ceremonies there. I think it is important that the government should consider a long range plan for the town's development so that it may illustrate the conditions back in 1758 and prior thereto. Unfortunately, after 1758 and 1759 construction stopped, probably at the request of the Americans who said that no stone should be left upon a stone. It was such an important point as the watchdog of the great fishing industry and the guardian of the St. Lawrence that it was felt no chance should be taken that it would be rebuilt. If a long range plan were developed and a reasonable allotment provided annually it would, I am sure, be a tremendous investment for Canada.

Nova Scotia regards tourism as a very great natural resource. We live next door to some 40 million people in the New England states some of whom come to the maritime provinces every year seeking relief from the heat and in order to enjoy the scenery for which we are so famous, to take advantage of our summer breezes and the salt water. When they come they expect to see something and more will come when more is provided for them to see. Any investment in this respect will be repaid in tourist dollars.

In the development of any such long term plan it should be remembered that the story of Louisburg is more than just that of a fortress besieged and finally abolished. It is rather the story of one of the great cornerstones of Canadian history when those who were enemies and soldiers, fighting outside this fortress at the dawn of July 22 of 1758, became neighbours and were perhaps the first Canadians by the time dusk fell. Their cannons and swords and implements of war became axes and ploughshares, which were used to build our country, and I think this area should be used as an illustration of what can be done by co-operation and work between two great races. The descendants of these people, both French and English, remember their historical background and this would be a wonderful monument to their history.

I would like to associate myself with the remarks made this afternoon by my colleague, the hon. member for Cape Breton North and Victoria, who spoke of the Cape Breton Highlands national park in the counties of Inverness and Victoria. The increasing number of tourists visiting the park amply illustrates the value of these parks to the tourist industry of Nova Scotia, as they afford an excellent opportunity to people to examine the scene of Cabot's exploits—the Cabot trail. I, like that hon. member, would like to see a winter works program developed in connection with the park and I would like to thank the minister for the program he instituted last winter which provided employment for local people when the pulpwood industry was not as prosperous as it has been in previous years. This year, once again, employment will be required in the area. In fact, if ever there was a time to find employment for people through the development of our great natural resources that time will be during the coming winter.

I feel that the government should consider the question of wages and salaries paid in this connection. There is no reason why the people who work there should not be paid in accordance with the standard set for mainland workers.

[Mr. MacLellan.]

I have emphasized the importance of the tourist industry in Nova Scotia and I commend to the minister the most serious consideration of the value of spending money in developing tourist facilities for the Cape Breton Highlands national park and also the great national landmark of Louisburg.

Mr. Pickersgill: I have a few observations to make and a few questions to ask of the minister, although I am not going to make a speech. I am sure that will cause hon. members on the other side of the committee to rejoice. The first thing I want to say something about is to remind the minister—I do not need to, I am sure—that when he does reply I would hope he will say something about the treatment of Eskimos in the province of Newfoundland as compared with the other provinces, in addition to what he said the other day.

The second point I should like to refer to is the electricity program and I am speaking about this on item No. 1 because I do not think that perhaps it would be in order on any other item since regrettably in my opinion, and in the opinion of my friends on this side, that program at this time does not include the province of Newfoundland despite very strenuous efforts to have it included.

The minister will no doubt recall that on February 19 of this year the Prime Minister was in St. John's to deliver a speech for the purpose, I judge, of influencing the voters in Newfoundland, and when he arrived he received a letter from the premier of Newfoundland written that same day, parts of which the Prime Minister quoted in his speech, and which he used to a certain effect. I will not bore the committee by going into further detail with regard to what effect, because I am sure the minister would get up at once and say that by quoting the Prime Minister I was out of order. I will not put the minister to the embarrassment of doing that. But this letter did ask the Prime Minister and, through the Prime Minister, the government to give consideration to a request from the government of Newfoundland. Now this letter was produced as a sessional paper on July 3, 1958, in response to a motion which I made asking for this correspondence and apparently it never received any reply except the reply which the Prime Minister gave at the public meeting and over the air on that occasion. I am not going to read the whole letter, but I would like to draw attention to two paragraphs. The second paragraph of the letter reads as follows:

> You did not find it possible, apparently, to accede to my request to you that Canadian government financial assistance be given to hydro-electric (or water power) stations in Newfoundland,

and as few if any electric stations operated by coal will ever be built in Newfoundland your present offer in that regard is of no very great importance to this province.

That, of course, was the subject of some rather lengthy debates during the last parliament, and I may add that my view is quite unaltered. On another occasion I will probably have something more to say about this matter, but I do not propose to hold up the minister's estimates today in that regard. But the premier of Newfoundland made a new request in this letter—a different request —and in the second part of the letter he said:

From your studies of Newfoundland you must be aware that our population, though fewer than half a million in number, are to be found in more than 1,000 different settlements, and that these settlements are situate in the great bays which constitute the 6,000 miles of our coastline. This means that our people are very scattered in settlements that are considerably removed from each other in distance. Even in cases, therefore, where surplus electricity is already being generated, which surplus electricity could be moved by transmission lines to certain bays, there still remains the terribly difficult problem of building distribution lines to link up these settlements; and within the settlements to link up the scattered houses wanting electricity.

There was a reference to a meeting being held, and then Mr. Smallwood said:

I suggest that you announce at this meeting tonight your willingness to ask the parliament of Canada to amend your legislation, passed in January, in such a way as to give the same financial assistance for these distribution lines as you have already so generously offered for transmission lines.

Then there is a different suggestion:

On the other hand, if you are not prepared to make this concession to Newfoundland we would be pretty well satisfied if, by administrative or executive decision, or by amendment to the legislation if necessary, you would provide that when a transmission line is built from the power house to the main centre of a bay, where that same line extends from that centre from settlement to settlement, cove to cove, within that bay or area, the extension itself will be treated as though it were the same transmission line continued from the main point in the bay or area.

That is all I think it is relevant to read from the letter, but I should like to read from Mr. Clark Davey's report of the meeting at which the Prime Minister made this letter public. It appeared in the *Globe and Mail*. I have a lot of other reports, but this appears to be a pretty accurate one, and here is what the Prime Minister said then about Mr. Smallwood's request. I will not read the other and more political comments he made.

Without really giving away anything, Mr. Diefenbaker said he would take Premier Smallwood's request for federal assistance to power distribution lines, in addition to the high voltage transmission lines already covered, under serious consideration. If federal economists think it workable within the general plan, he added, the request would get the most possible consideration in the next parliament.

That, I suppose, was posited upon the Prime Minister's success at the polls which we cannot gainsay and I hope the minister when he replies will tell us what the result of that consideration has been. I know the minister's colleague, the hon. member for St. John's West, has repeatedly said that these distribution lines are already covered. Indeed, he kept saying that all during the election campaign. If that is the minister's view—that they are already covered and that assistance is already being given, as his colleague has repeatedly said—then this matter does not require any further consideration. But it would appear to me that the minister is probably of the same opinion as he was in the last parliament, and that that is not his opinion. I very much hope it is, however, and I would be delighted, and so would almost everybody else, at least in the outports of Newfoundland, if the minister would come forward and say that the government is prepared to give the same assistance for hydro plants as they are prepared to give for thermal plants.

So much for that subject. I want now to say just a word about the roads to resources program that the minister has announced.

An hon. Member: And this wasn't supposed to be a speech.

Mr. Pickersgill: I think this is a good and constructive step, but there is one very great difficulty about it and about every other proposal made by the federal government for a 50-50 distribution of costs. That 50-50 distribution of costs makes it comparatively easy for wealthy provinces with a high taxable capacity, such as Ontario and British Columbia, to accept and exploit to the full, if they wish to do so, the offer of the federal government, without throwing any great burden upon their taxpayers. But in a province such as Newfoundland or Nova Scotia or New Brunswick, or even, to some extent, in the minister's own province of Saskatchewan where taxable capacity is very much lower, these 50-50 offers are really of very much less value in terms of real assistance and in terms of equality and I hope that in time the minister will try to influence the Minister of Finance and the Prime Minister to introduce some formula more nearly resembling the equalization formula in cases where assistance is offered.

This was done in some measure by the hon. member for Essex East when he was in office in introducing the hospital insurance provisions which are not operated on a 50-50

basis; some account is taken of the relative taxable capacity of the various provinces. I know it is not within the power of the minister to do this himself and I do not wish to take away from my approval of what he is doing within the policy which has been enunciated. I should think that the minister as the representative of a province that does not have as high a taxable capacity as the one we are now in would himself be rather sympathetic with this argument.

Finally, sir, I wish to say a few words about the Terra Nova national park. As the minister is aware this park was established by the federal government when his predecessor was in office. It had barely been established when the minister took over and I wish to give the minister credit for carrying on vigorously and aggressively the work of the development of that park. It has been a God-send to the people of Bonavista bay and that area. In a period when other employment has been exceedingly difficult to get there would have been an enormous amount of distress that has been avoided because of the existence of the park. I wish to echo the words of the hon. member for Cape Breton North and Victoria, the hon. member for Inverness-Richmond and other hon. gentlemen who have spoken about this matter in saying that I hope the minister will have an even bigger winter work program in the parks next winter than he had last winter because my own opinion is we are going to need it more than ever.

In respect of employment within the park the minister brought down a return in response to a motion I made for correspondence with the provincial government concerning employment there. I should like to say a few words about that and these, too, will be words of commendation of the attitude taken by the minister. It so happened it was for quite some time an obstacle to the establishment of the park that there are a considerable number of people living in settlements like Charlottetown, Happy Adventure, Eastport, Sandringham, Glovertown, Traytown, Port Blandford, Musgravetown and one or two others—

Mr. MacInnis: You are slipping.

Mr. Pickersgill: —where it was customary—and perhaps that was true of none more than the little settlement of Canning's Cove—for a certain number of people to make a limited part of their annual livelihood by cutting timber in the park. I wish to express my appreciation to the minister for the consideration he has shown to these people in permitting a limited amount of cutting in the last two years. I understand the policy is still being continued with respect to those people who had done this in the past. I appreciate that in the long run the minister does not want this to continue and I do not think any one else does either. But I also appreciate that the minister has many other preoccupations and I know the difficulties involved in getting new enterprises established and this has been an excellent stop-gap arrangement until the parks administration is in a position to provide through its own activities and forest management policies adequate alternative employment for these people.

But there is one thing I hope the minister will not lose sight of and that is the undertaking he gave in the letter he addressed on July 2 to the minister of mines and resources of Newfoundland with respect to those persons. I shall not take the time of the committee in reading this correspondence but will hasten to explain that the minister of mines and resources had written to the minister and asked him if he would give a preference, which the previous administration rather more through verbal conversations than in any other way implied would be given to people who had previously made their living in the park, in employment in the park. I do hope that preference will be continued because it is really quite a serious thing when through the establishment of this park in co-operation between the two governments the livelihood of these people has been taken away.

I know the minister has shown good will in this matter up until now and I merely urge him to continue to do that. When we come to the item on the national parks there will be one or two other questions which I may wish to put to him about employment not only in the Terra Nova national park but in some other parks and they are questions of detail which I do not think it would be reasonable to put on item No. 1.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, there are a number of questions which I feel should be answered before the vote carries because they deal with general affairs in the department rather than with individual votes. I am going to take the liberty of dealing with these chronologically as they were put forward and even though this destroys the coherence of my remarks to some degree I think it is the only way I could manage to give the information which the hon. members have requested.

The hon. member for Bonavista-Twillingate speaking on Saturday, I believe, raised the question of the reconsideration on my part of the treatment of Eskimos in the province of Newfoundland. At this time I

should like to tell him that I have gone over the records of negotiations between the two governments and the correspondence between departments in the government. I know of his feelings and I appreciate that the agreement was made in 1954 under his signature. At this time I wish to extend to the hon. member my appreciation for bringing this matter to my attention and to tell him it has determined me to take a good look at the considerations affecting the lives of these people in Newfoundland. I coul say much more at this time but I think it would be more proper to do so after we have given it full consideration.

Mr. Pickersgill: Mr. Chairman, I quite agree with the minister and I wish to make one observation. I feel notwithstanding what may have been done at a previous time there should be equal treatment by the federal government for Eskimos in all the provinces. Of course there may be a difference between the provinces and the territories. That is all I was urging.

Mr. Hamilton (Qu'Appelle): Yes, thank you very much.

The hon. member for St. Jean-Iberville-Napierville was discussing Fort Lennox. I should like to inform him at this time that we have increased the vote this year with respect to Fort Lennox which is a beautiful tourist attraction with great historic connotations relating to our country. The estimates will indicate that the vote has been increased this year from $10,000 to $45,000 and we have moved a little ahead of the hon. member in that regard.

I should also like to point out to him that neighbouring historic parks and particularly Fort Chambly has a comparative expenditure of $5,000 and another, lower Fort Garry which is somewhat further removed, has a comparative expenditure of $20,000. So on the whole Fort Lennox has received in my opinion rather favourable and friendly treatment from the department this year. I appreciate that this fort needs a great deal of work done on it and I should like to remind him that when we finish the rewiring we shall continue the work in relation to this and other historic sites.

I wish to point out to the committee in relation to historic parks that every Canadian owes a responsibility to future generations to see that these landmarks of our history are preserved.

I know how immense the task is and any person does us a great favour by bringing to light the various historic landmarks of the nation's history so that we can make the first moves to protect them in order that over the years, as the money is forthcoming, we can restore them and do something of a permanent nature so that forever afterwards they will be there as a reminder of what happened in the formation of our country's history.

I would like to add a word in regard to historic parks. Even though we do have a nominal charge for the national parks, we do not make any charges in the historic parks.

The hon. member for Nickel Belt spoke at some length about the French river and its possibilities as a tourist attraction because it lies at one of the historic routes to the west. Every person who knows Canadian history knows that this was the trans-Canada highway of two and three centuries ago. At this time I take great pleasure in telling the committee that the department has decided on and is going forward with a program of marking all these historic canoe routes in Canada, and I am sure there will be a marker close to the Recollet falls and at the other historic landmarks in the constituency of Nickel Belt.

However, in so far as the hon. member's remarks applying to our development program are concerned, I am not too certain. He belittled the program and referred to it as a rocking chair program, and rather spoofed the word "vision". He then went on to make suggestions about roads to resources in his area and asked for information about them. My statement of policy at this time is a repetition of what I told the hon. member for Grand Falls-White Bay-Labrador. The policy is this, Mr. Chairman. Where agreement has been reached between two governments and a letter has gone forward from me giving it informal and tentative approval to go ahead, we can announce the location of some of those roads and as to where the roads will go but while any discussion between the two governments themselves are being carried on, it is part of our policy not to discuss those roads until a final decision is made.

Mr. Pearson: May I ask a question there? I am sorry to interrupt the minister. Is not it the responsibility of the provinces to initiate proposals or discussions in regard to access roads?

Mr. Hamilton (Qu'Appelle): I was going to deal with this question of policy with regard to another hon. member and I hope that when I come to his question he will pardon me for answering it at this time, because an inference could be drawn from what was said here in the remarks of two or three hon. members that it was the responsibility of the federal government to initiate proposals to the provincial governments as to which roads should be built. Exactly the opposite is the case.

The resources of the provinces belong to the provinces. They are constitutionally theirs by right and they should be theirs. In view of the responsibility of the provinces we would think it in very bad taste to suggest, and to embarrass any provinces by suggesting, certain roads. We leave it to them to recommend certain roads to us. If hon. members read my remarks to the standing committee they will see I said something along this line, that we do have the opportunity, when they propose a program to us, to point out what our philosophy is on the opening up of new resource areas. Sometimes, in the light of that discussion, the provincial governments do adjust their thinking to some degree. I do not believe there are any instances where we have forced our opinion on any provincial government. It has been done in the form of discussion, and if the proposal does not meet our criteria, then the matter is dropped. I would say in all honesty we have tried to get the provinces to see our side of the question, how we are trying to open up resource areas.

Mr. Hardie: On what is the philosophy based?

Mr. Hamilton (Qu'Appelle): The philosophy of roads to resources in the provinces is based primarily on the thought that if we are to build a grid system of roads in the territories there is no use to build that grid system of roads unless they are connected to settled areas in the provinces to the south. That is the No. 1 point. But there are several provinces which have no Northwest Territories to the north and in effect we are offering the same type of arrangement to those provinces, namely Ontario, Quebec, Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island, with the exception of two of those provinces which did have areas which would bear up from the point of view of exploration, new exploration for mines and minerals first, but also looking at the possibilities of the forest industry, forest protection, recreation, etc., so there is an overall concept.

During the process of the provinces studying our proposal it became clear to two of the provinces, Prince Edward Island and Nova Scotia, owing to their situation, that they could not find roads to virgin resources areas. Therefore, on behalf of the government the Prime Minister made a statement of policy in Halifax to the effect that if any provinces could not provide suggestions of natural resources roads we would accept in their cases further tourist roads.

Tourist roads have added a great deal of difficulty to the working out of this program.

We could not touch the regular highway systems because then we would be interfering with provincial highway responsibility. But, I think at this time, and speaking only in general terms, I can announce to the committee that tentative agreement has now been reached on roads across the country totalling $110 million over the five-year period. Several provinces have taken the maximum. British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia and Prince Edward Island have taken the maximum. Even though Newfoundland's first proposal totalled only $7.5 million to $8 million, I understand that they want to put forward proposals later that will total the full amount of $15 million. Therefore, I think when we are finished with this the estimate that I made to the committee that over the 5-year program there would be $135 million going into this roads to resources program in the provinces—and I used a very round figure as far as the Northwest Territories and the Yukon were concerned—

Mr. McWilliam: Will the minister give the figure for New Brunswick?

Mr. Hamilton (Qu'Appelle): I left out New Brunswick because they have not asked for the maximum; they have asked for a total of $12 million.

Mr. Godin: Can the minister give the figure for Ontario?

Mr. Hamilton (Qu'Appelle): So far, the figure has not been mentioned because there has been no agreement yet on any of the roads in Ontario. I announce these things only when tentative approval has just been about reached and I have only given totals in which it is formally agreed upon.

Mr. Hardie: There is one philosophy for western Canada and another philosophy for eastern Canada pretty well.

Mr. Hamilton (Qu'Appelle): You can look at it in that way but in practice, no. You heard the hon. members from those northern constituencies of Ontario and British Columbia speak today and they talked in terms of opening up resource areas in northern Ontario. That argument is just as effective and just as sound to fit into this philosophy as any argument I have presented.

I should like to keep moving on because I think hon. members who made suggestions and criticisms should have a word from me. One or two will be missed because their words were a little bit on the complimentary side and I will let those things slide.

Another question which I think was covered in several hon. members' remarks is the

matter of the conservation conference. This was raised by the hon. member for Portage-Neepawa and the Leader of the Opposition and I believe one other hon. member. The conservation conference is not a new thing; it was announced formally for the first time by the Prime Minister in Winnipeg on February 12. I have mentioned it several times since. I think I dealt at some length in the committee with the purpose of this conservation conference. I would recommend that any interested member go through that section of the report which deals with that, because it would save me a great deal of time at this moment.

The conservation conference that I mentioned at Yorkton was a slip of the tongue. I was discussing the ownership of resources in Canada, and I mentioned the fact we were going to hold a conservation conference. I laid down what I thought were the purposes of that conference which were very close to what several members said here today. Regardless of how much we discuss the necessity for holding a conservation conference, the fact remains we have a tremendous amount of material in the department which has never been correlated, where the responsibilities of the federal government have never been clearly defined, where the responsibilities of the provinces have not been clearly defined, nor have the responsibilities of municipal and local conservation authorities, the research groups and so on. What I was hinting at in Yorkton was that I could not possibly arrange, within the physical limits of our department, of our time and strength, the holding of this conference this year. What I was thinking of doing, and did do some weeks ago within the department as a matter of fact, was to outline a letter to the various provincial governments asking the premiers if they would consider appointing one of their ministers responsible for the resources of their area to meet with me at some mutually convenient time and place, so that we could accelerate the movement towards holding this national conservation conference. This was the cause of my slip at Yorkton, and I must confess to the house I am sorry I made it. It came out inadvertently. I apologized at that time, in essence, to the group for having said it there.

I should like to speak at some length on this question of conservation, but I do not believe this is the proper time. The hon. member for Port Arthur, who has made a considerable study of all aspects of forestry, outlined the arguments of Mr. MacMillan on a monetary basis. If a certain industry produces so much, then the government should spend a pro rata amount on that industry. I do not think it is necessary for me to discuss this point of view at great length today because after due consideration the fallacy of the argument, if carried to the nth degree, becomes apparent.

I should like to discuss this question of research which was raised by the hon. member for Port Arthur. There is no person who has been a stronger advocate over the years for research in all lines of forestry than I have been. I should like to tell the committee something which hon. members must have guessed and that is that when I came into the department this was one of the matters that was discussed. The department has produced for me a program of research running over four years, both in basic research and in forest products research. This program, which is now before me, will be examined from a policy point of view. I hope that I can accept what has been proposed in that program. I do know that it calls for more personnel because that has been the basic weakness of the work we have been trying to do.

It is all very fine to criticize the minister who holds this position for not having work done in research, but the research is limited by the number of topnotch people we can put on the task. The people in the department know full well what has to be done. We who sit in this house have to make up our minds that if we want more research we have to be prepared to vote more money for it, and that means supporting this type of thing in the house, not trying to follow a schizophrenic attitude of condemning us for spending too much and then saying we do not do enough work. I know other departments have this problem, but I have it particularly because in my department there is so much to be done it seems there is not enough manpower or money available to do all the jobs at once. I should like to assure the house that in this matter of research in forestry, the attitude of the department and the minister is, full speed ahead.

There were so many things mentioned by the hon. member for Port Arthur, with many of which I thoroughly agree, that if I took the time to discuss each of them we would not be finished for some time. He did raise the question of fiscal policy in relation to forest policy. I think that is the crux of this matter. It bears out what I just said a moment ago. If we are going to advocate policies of research, whether it is in agriculture or in forestry or in any other necessary line, we must be prepared to put that into relationship with the other programs of government and eventually we get back to the fiscal policies of the government. As a result I have asked,—this comes largely as a result

of the recommendations made in the standing committee—for a report on the effects of fiscal policy on the forest industry. I hope that I will be getting something of a nature that will improve the situation in the forest industry. I think that the thanks of the government, the house and the people of Canada generally, go to the witnesses who appeared before the mines, forests and waters committee, for putting forward a very sound proposal.

I should like to deal at some length with the remarks of the Leader of the Opposition. He was very kind to me in his opening remarks in speaking about zeal and energy and I thank him for that. At the same time I hope that when several years have passed he can add one more word to that group of adjectives and that is "intelligence".

Mr. Pearson: I will add that now.

Mr. Hamilton (Qu'Appelle): I do believe that besides energy being applied to these problems which are so manifest and so manifold, there must be some intelligence that looks forward a long way and at the same time can deal with the problems as they arise. I wanted to thank him particularly for the service he has done Canada in bringing to the attention of the house the significance of that atomic-powered submarine passing under the ice-covered waters of the ocean to our north. He used the words, I think, "dramatically underlines". I should like to repeat the significance of what the Leader of the Opposition has told us. No longer can Canadians think that because we have ninety per cent of our country to the north unexplored and undeveloped, because we have a great cold ocean to the north, this is our defence line. We are now fully aware of the fact that the water underneath that ice is available for the movement of underwater craft and this affects the whole future of this country and, I believe, much of the world. He went on to suggest that the possibility of oil transportation underneath the water should be looked into. I just sent out for a little bit of information of which I was already aware.

The British people, and I do not want to say particularly whether it is government or private enterprise effort, have been very much aware of the possibilities of this lead and are presently working on the building of submarines, as I understand it, that will carry up to 100,000 tons of oil. These submarines will operate more efficiently underwater at three times the speed per unit as compared with those using other power sources. Some months ago a member of my department suggested the possibility of a pipe line from Ellesmere island to Greenland to Iceland to the United Kingdom, because ultimately the western European nations must be assured of a secure line to energy sources, especially with the line to the Middle East in such great doubt. It seems only logical that this great potential oil land of our northern Arctic islands will no longer be a part of Canada that is far beyond any expectation of development in our lifetime. It is now, I believe, in the front line.

The research we are planning to start on the continental shelf and the islands of the Arctic was designed, as I said in my speech in the house a month ago and in the committee, as part of that program. I tried to say as plainly as I could that I hoped Canadians would see that national sovereignty in the north was not just a matter of politicians speaking at election times but was a vitally important matter. I am very pleased that the Leader of the Opposition has accepted the phrase, "effective occupation", because you can hold a territory by right of discovery or by claiming it under some sector theory but where you have great powers holding different points of view the only way to hold that territory, with all its great potential wealth, is by effective occupation.

The Leader of the Opposition mentioned how few people there were in the north. I had the figures sent to me and the figure he gave is approximately accurate. On the archipelago at the present time there are approximately 300 Canadians, possibly a few more. There are approximately 100 other Canadians up there in business and other occupations of a non-official sort. There are 2,000 other Canadians who are Eskimo by birth, making a total of 2,400 Canadians on the archipelago. On the DEW line sites we have about 250 Canadians and then we have another operation at Frobisher Bay with about 400. That makes a total of roughly 3,000 in the Arctic at the present time.

Obviously that number is not going to increase greatly unless there is an economic base. We are not going into Frobisher Bay primarily because we love to do things that are dramatic. Our reasons for going into Frobisher Bay are, first, the very necessary matter of improving polar transport. We hope to make that whole operation self-liquidating. The second reason for the Frobisher Bay development is the military operations which we have agreed to undertake in partnership with the United States. The third factor is that Baffin island may well be one of the richest iron areas in the Arctic.

I made it very clear to the standing committee that I hoped that what was starting there under the Department of Transport and

the Department of National Defence would some day be a completely civilian operation based on the economics of the area, in other words, mining operations on Baffin island. I should like to repeat now what I have repeated on every occasion I have had the opportunity, that development in the north in such remote places as Frobisher Bay has a very important bearing on the people who live in Montreal, Toronto or any other part of Canada.

One of the members from northern Ontario spoke of the natural route that existed from Hudson bay through Moosonee and by the Ontario Northland railway to northern Ontario. The eastern Arctic area is rich in iron. Hudson bay does provide a two-months longer shipping season. This is a natural route and more is going on than most people are aware of to turn into reality this academic idea of taking the iron in one place and by using a traditional communication route transporting it to another place where the iron and the energy resource can be brought together.

The hon. member for Timiskaming is not here but I should like to remind him that the future of northern Ontario, which for so many years the people there have dreamed about and worked so hard to achieve, is much closer than they realize. Through northern Ontario now passes a pipe line that carries natural gas. This pipe line has in it the energy resource which, when applied to such a commodity as iron, may well mean a revolution in development as far as northern Ontario is concerned.

Without saying any more than what I have just said, I should like to point out that those who make derogatory remarks about this so-called vision are doing a disservice to the people who have pioneered these areas with instinctive faith that something good was going to come from it. I feel not only in my heart but on the basis of the information I have that, having regard to the accessibility of the northern part of Ontario to the resources of iron and other metals of the north and to the industrial area of the south, the future of that area has not yet begun to be appreciated or to show its full potential.

I can only speak in general terms and the record over the years will have to be my witness whether or not I was right, but I do feel that the northern areas of provinces such as Ontario have a great future. I should like to do everything within my power, within the constitutional limits of the department, to help these things along because I think it is for the good of all Canadians.

Some mention has been made of the fact that I used the phrase "national chagrin" on one occasion. I do not back down from that expression. I am ashamed of the fact that through circumstances beyond the power of almost anyone here we have had to share responsibility, in fact, give all responsibility for the defence of our northern area to a friendly power. The things that have happened are no doubt small but employees of the government of Canada and even ministers have to go through a formal procedure of getting permission. When Canadians have to wait several months to get permission to go and do their duty in their own country at the direction of their own minister, I do not apologize to the house or the country for saying that I am ashamed of the situation.

Mr. Pearson: The minister is dealing with a point which is of great interest and I should like to ask him whether it is a fact that Canadian ministers and officials have to wait several months before they can get access to establishments on Canadian soil under the control, by agreement with the Canadian government, of the United States. Is it several months?

Mr. Hamilton (Qu'Appelle): Ministers have very little trouble. Formal request is made more or less as a matter of courtesy and it is handled very quickly but nevertheless this procedure still has to be followed. The situation is different in the case of departmental officials wanting to go there in their line of duty. I do not want to embarrass any of my colleagues by referring to a case on record but I do know of one case where the request took so long to approve that the man went somewhere else and got another job and the work has not been done to this day.

The Deputy Chairman: I am sorry but I have to advise the Minister of Northern Affairs and National Resources that his time has expired.

Some hon. Members: Go ahead.

The Deputy Chairman: Has the minister unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I cannot answer all these comments, but I will wind up in this way.

Mr. Pickersgill: Let the minister go right on and finish.

Mr. Hamilton (Qu'Appelle): I am more concerned about making the policy statement clear and explaining my own position with regard to the remark I made. As far as I am concerned, I do not blame anyone for

this situation. I have made that very clear. But I do repeat that to me it is a matter of chagrin. I have taken up this matter with our United States colleagues and have had a very friendly and favourable response. Usually the United States government is very good once you bring a matter to their attention, but in the efficient and rapid movement of people in developing an area which is completely empty it is so easy to assume something which many people actually believe. The hon. member referred to the *Financial Post* of August 2, and I would like to refer to an article on page 15 of that paper on the same date which contains a statement, in so far as Washington opinion is concerned, as follows:

> An authority on international law says the sector principle doesn't apply to any part of the open or frozen ocean—only to islands which are inhabited.

So here we have a leading authority in the United States expressing his opinion to the reporter who wrote this story to the effect that the United States does not accept the sector theory or even the ownership of these islands if they are uninhabited. Therefore, it is not too difficult for men who are employed by companies working on installations in our northlands to assume that because there are no Canadians there the lands involved belong to anybody who does happen to be there, and that is why over the years I have advocated that the only way in which we can hold this northern area for the use of our future generations would be by the effective occupation and use of these areas by Canadians.

I have also pledged to the Leader of the Opposition and to this house as a whole that every move we make in the north will be made with due regard to economics and that we would not make any move without due consideration of such economics.

Some sport was also made of Frobisher Bay in the statement that there would be skyscrapers in the north and that this was an exciting proposition. I say in all seriousness that the skyscraper is not the thing. The fact is that the people who are building and co-ordinating this development at Frobisher Bay have been instructed to build accommodation there for the men and women who will be working in the area and this is the most safe and efficient type of accommodation they can build. The engineers assure us that it is cheaper, safer and better to build these houses one above the other. They can make them fireproof and can heat them more cheaply and they concentrate people into a smaller area. The skyscraper is not the thing. The fact is that we are meeting this problem of northern development in a way which will keep down the costs so that private industries can come in and follow the example we have set and can develop and maintain their operations at costs compatible with their operations in other areas.

I do not intend to go into all the statements made about the possibility of developing atomic power plants in that region, but in general I would suggest to the committee that there is enough evidence now before us to show that if we combine the use of small atomic plants for producing light as well as heat we can reduce the costs of both commodities in a northern community. In other words, the tremendous amount of heat available from nuclear power plants reduces the cost of heating the homes, so that we can foresee a cost of living up there not so far above the point where it would be possible for ordinary people to support it.

These ideas must not be allowed to disappear because people scoff at them since they are new. I am prepared and will be prepared when the information is before me in authentic fashion to bring it before the Canadian people and let them judge whether this is a vision or hardheaded economics.

I think I have said enough about the remarks made up to this point, although I hope I have not missed any particular members' requests for information.

I am reminded of one little question raised by the hon. member for Kootenay West about the size of the roads to resources program and the amount of money involved. One of the reasons why we set it at $3 million per year per province, of which we would pay half, was that this was the highest amount to which I could get the provinces to agree. British Columbia felt the same way, Saskatchewan felt the same way, as I believe did Ontario and many other provinces, and expressed themselves accordingly. I believe Newfoundland was also in this category, and the $1.5 million was set as the federal contribution, not from any desire on our part to limit the program but because of the ability of the provinces to pay money into areas which had hitherto not been built up.

Mr. Herridge: That means that the minister would increase his proportion if the provinces were willing to do so?

Mr. Hamilton (Qu'Appelle): I have not said that, Mr. Chairman. What I did say was that I had set it at that figure because I knew that was a figure beyond which any province would not go. I certainly cannot speak for the government after it has decided upon this policy, that the maximum I am allowed to put forward is a figure up to $15 million in a five-year period.

I believe the hon. member for Bonavista-Twillingate raised the point that this would not be an equitable proposition because some provinces were poorer than others.

Mr. Pickersgill: I might clarify the point in order to save the time of the minister. I suggested that while the minister was not able to make any change, the government might give some consideration to changing the formula from the 50-50 formula to a graduated formula of some kind on the basis of equalization, as was done in connection with hospital insurance and has been done, of course, most spectacularly in the tax-sharing arrangements. This is because the 50-50 arrangement is something which is easy for British Columbia and Ontario to meet but which is very difficult for the Atlantic provinces to meet and, I suggest, is also a difficult problem for the minister's own province.

Mr. Hamilton (Qu'Appelle): I think I answered that question in committee by saying that because there was a limit of $15 million over a five-year period that this put me in something of a strait-jacket with respect to my operations. However, that was the decision at that time and I have stayed with it. I do not think there is any question from what has been said by the members of the house today that by the end of these five years many ideas for new roads will be advanced and the matter should be considered at that time.

Mr. Pickersgill: I do not think the minister has answered my most important point, which was about electricity.

Mr. Hamilton (Qu'Appelle): I have the answer before me and can deal with it now. On the question of the power program or power policy for Canada, I think the argument advanced by the hon. member for Bonavista - Twillingate about distribution lines—

Mr. Pickersgill: No, by the premier of Newfoundland.

Mr. Hamilton (Qu'Appelle): By the premier of Newfoundland—I keep thinking they are the same person—

Some hon. Members: Oh, oh.

Mr. Pickersgill: I thank the hon. minsiter for flattering me.

An hon. Member: It is not flattery.

Mr. Hamilton (Qu'Appelle): The fact remains that I am guided by an act of parliament which mentions transmission lines and I have stayed by that act. I would like to point out, however, that in a province like Saskatchewan or Newfoundland, and I believe also British Columbia and Manitoba, requests have been made to the federal government for assistance in respect of power. This, of course, means that there will eventually have to be worked out a national power policy of some sort. In the case of Saskatchewan the same arguments are advanced as those advanced by Newfoundland, namely scattered population, lack of great wealth, and so on. In the case of British Columbia, development is such a costly thing that probably the province of British Columbia will want our co-operation.

I will suggest to the hon. member in connection with power that there has been considerable evidence on the part of this government that they are moving forward to new positions in connection with this whole matter of power in co-operation with the provinces. The policy laid down in connection with the Atlantic Power Development Act did, at my request, include the words Prince Edward Island and Newfoundland. It is admitted that at the time the names of those provinces were put in we did not have any idea of requests coming forward, because at that time I was thinking of a regional development concept in the maritime provinces and I wanted the possibility of expanding that program. I have also said in public and in the committee that the province of Quebec must also consider itself as part of the Atlantic region, and I should like to raise with the committee some of the remarks I have made in other places with regard to the Hamilton river.

Hamilton river power is a great asset to the whole eastern part of the North American continent, but at the present time it cannot be used until we have the co-operation of several provinces. I can only say I will do all I can in providing information to those provinces in the hope that they will see that by co-operation not only will they get more power but they will get it cheaper. And that is, I think, the extent of my answer to the hon. member.

Mr. Pickersgill: I do not think that answers the specific question I addressed to the minister. I am afraid I sent the clippings on to *Hansard*, but I recollect pretty well that the Prime Minister gave an undertaking on February 19 that this matter would be discussed by the economists of the government and I presume he meant those of the minister's department. I should like to know what progress has been made with regard to this specific proposal by the premier of Newfoundland and with regard to which no reply that I know of has yet been given.

Mr. Hamilton (Qu'Appelle): Within the government, there have been discussions on

this question of power policy. This is not an easy matter and I cannot tell the committee within a month or even within years when we can come to some definite conclusion. It is a vast subject, and all I can offer in my defence is that we are at least starting on the problem.

Mr. Hardie: I realize that the minister after listening to a good many speeches made on Saturday and today with regard to northern development has answered a good many of these questions and cannot deal with them all in a moment or two. However, I wonder if he would go back to the speech I made on Saturday and to his own speech where he said: I will come back to the actual details of the Garry lake incident in a moment. In the remainder of his speech he did not say anything about the details as he had promised to do and I am wondering if he could now give us some details on the episode at Garry lake last winter, particularly in regard to whether the department was warned of any crisis that might happen; if he could tell us how much food was dropped off on December 15; and the number of times Eskimos were contacted, say, by the northern service officer at Baker Lake, between August 16 of last year and April 4 of this year. I wonder if he could say something in regard to the reports which were made, no doubt, from time to time by his officers in the field to head office regarding this episode. I hope the minister can answer these questions, as he indicated he would.

Mr. Hamilton (Qu'Appelle): Two questions were raised by the hon. member for Mackenzie River which I did not answer because he was out of the committee at that time. The first question was the one he directed to the Secretary of State. We are working very hard and we have an eight page, single lined statement which gives the information. I am not going to table it but I will provide it for the hon. member's own personal use. He will find there the most complicated mix-up he has ever seen, but the committee is more and more optimistic that they can get it straightened out and come closer together. Not only are there differences between departments but there are differences within departments, the women differing on the furniture and so on. I hope the hon. member takes this home with him and examines it, and I hope that by the time he comes back we will have had the regulations changed.

With regard to Garry lake, this cache at Garry lake was not in the full sense of the word an official government cache. Due to a certain commercial operation in the area by one of the companies there was a surplus of food which they did not want to bring back to southern Canada and this was turned over to the department. The department then put it in a cache at Garry lake under the supervision of the local mission, and it was kept in this little mission.

Mr. Hardie: On what date was this cache turned over?

Mr. Hamilton (Qu'Appelle): I have no recollection, and I do not think anybody in the department knows. It was an unofficial act and we have no information at Ottawa as to the amount of food which was in that cache. We would have to go back and contact the company and ask them how much they gave us.

Since it is not the policy of the department to leave unsupervised caches, this cache was under the control of the local missionary, who does not spend all his time in that mission, and for a period of time the Eskimos moved in, at the time they were hungry, and took what they wanted. As members of the committee know, there was a fire due to the upsetting of a gasoline stove, and the mission and the stores were destroyed.

This brings up the question of the patrols. We have one northern service officer in this whole district, and he operates out of Baker Lake. When the weather is reasonable he moves around as well as he can using his own plane for which we provide gas and oil. He tries to make these calls, but there was a period when he did not visit Garry lake and when the missionary was not around—the missionary also informs us of cases of need—and during this period the fire took place and starvation occurred. I gave on Saturday a list of six things which we are doing to try to stop this type of thing ever happening again, but I said quite honestly I did not think I could give any full-out guarantee.

Mr. Hardie: That does not answer the question. The question I asked was how much food was left at Garry lake or Pelley lake on September 18, the last time the Eskimos were contacted, until March 22. My original question was this: was the department warned that conditions at Garry lake were such that we might expect to encounter such a situation as they did in fact encounter a few months ago.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I have already explained to the committee that we have no information concerning the amount of food put into the cache. Since the hon. member asked the question, of course, we have inquired through the local officers up there.

Mr. Hardie: Did the department receive no warning that this might happen?

Mr. Hamilton (Qu'Appelle): The answer to the second question is that we received no warning. On the contrary, the last word we had from the mounted police patrol—

Mr. Hardie: No, no. They are not responsible.

Mr. Hamilton (Qu'Appelle): They share with us the responsibility of patrolling and letting us know what is going on in the north. There is at the present time and there will be from now on a group of eight co-ordinating their patrols with our patrols. But this is a vast area and one northern service officer cannot patrol it every week.

Mr. Hardie: Since bringing this matter to the attention of the house I have directed questions to the Minister of Northern Affairs and National Resources, the Minister of National Defence and the Minister of Justice concerning what reports were made by the Royal Canadian Mounted Police stationed at Baker Lake to the office here. I inquired of the Minister of Justice if he had received reports from the Royal Canadian Air Force at Baker Lake or Churchill. I know the R.C.A.F. flew into the area on March 22 and took in a certain amount of food at the request of the R.C.M.P. at Baker Lake. However, I have received no direct answer either from the Minister of Northern Affairs and National Resources, the Minister of National Defence or the Minister of Justice.

Not long ago when five officers of the Royal Canadian Mounted Police drowned in lake Ontario an hon. member of this house asked the Minister of Justice if he would make a report concerning this tragic accident. The minister made a detailed statement in this house concerning the five deaths. I have directed questions to three ministers of the government concerning the deaths of 14 Eskimos at Garry lake and no answer has been forthcoming. I received no report from the Minister of Justice and now no answer is being given me by the Minister of Northern Affairs and National Resources.

I am sure the minister or his department must have been advised from the field. The minister said a moment ago that a northern service officer is stationed at Baker Lake. I agree that he has a large area to cover but as the minister pointed out he has his own aircraft in which to cover it. Something must be very remiss in the administration of this department when an employee of it can sit at Baker Lake and not make a single report concerning what he has done with respect to this incident between the period December 10 or 15 and April 24. I am sure that on reflection the minister will advise the committee that he has received a report from Baker Lake.

The minister says he does not know how much food was sent to Garry lake. Let me review the information I have. On August 3 the officials of the department were warned of the severe scarcity of caribou in the Garry lake and Pelly lake areas. On August 16 an aircraft flew out of Garry lake with provisions and food. I do not now recall whether it was an R.C.M.P. or R.C.A.F. aircraft nor do I recall if it carried just the normal family allowance that was given to these people but hon. members can just imagine about how much that would buy at Baker Lake where prices are so high. In any event the food was flown in and dropped off on the trail at a point between Garry lake and Pelly lake. The Eskimos were not contacted and did not know the food was there. It is to be hoped they found it and that it was not consumed by wolves.

On December 10 the missionary whom the minister said was responsible for the cache at Garry lake went into Baker Lake and reported the same condition. He explained that the people were destitute. On December 15, five days later, the R.C.M.P. aircraft flew provisions out to Garry lake. I do not know whether that aircraft was an Otter or Beaver but there was some criticism to the effect that five people had gone along on the trip when possibly an additional 1,000 pounds of food could have been taken. In any event I do know the legal load for an Otter aircraft. If it was an Otter and there were five people and their baggage on the trip, the most that could have been taken in the way of food was 1,000 pounds.

The Winnipeg *Free Press* carried a series of articles concerning this tragic incident. In one article it states that there were 100 people in the immediate area of Pelly lake and Garry lake. This sounds to me like a round figure the newspaperman may have used but in a later article the Winnipeg *Free Press* points out that 50 persons who had survived death by starvation and the bodies of 14 others who had died were removed from the area. For the sake of this context, let us use the figure 64. We will not use the figure 100. Apparently 64 people were expected to live on 1,000 pounds of food from December 15 until March 22. Do hon. members know what that would amount to each day? It would mean about 1.6 ounces of food for each person per day.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, may I interrupt the hon. member at this point? The hon. member is saying something which is absolutely contrary to what has

been happening and what is now happening. I have made it clear that the policy of the department is not to set up caches of food to feed every single soul in the Northwest Territories. We do not set up any unsupervised caches.

Mr. Hardie: Agreed.

Mr. Hamilton (Qu'Appelle): The hon. member appears to be aware of this fact and yet he is suggesting today that 64 people were expected to live for several months on 1,000 pounds of food. He appears to suggest that this is as a result of the policy of this government. He is completely erroneous in that regard. His statement appears to be diabolically designed to create the impression that this department has no heart in its dealings with the people who come under its jurisdiction and is not considering the welfare of those people at all. I feel I should say a few words at this time—

Mr. Hardie: Just a minute. I had the floor. You interrupted me. If you want to make a speech you can do it after I am through.

Mr. Hamilton (Qu'Appelle): The hon. member should not be permitted to create erroneous impressions.

Mr. Hardie: I suggest to the minister that he listen to what I have to say and answer me when I am through. Since the minister has not answered my questions concerning this incident I can only state what I understand to be the facts and the minister may comment upon my understanding of the situation when I have concluded my remarks. My point was not in regard to unsupervised food caches. I will agree with the minister and say also that he should not have unsupervised food caches. I say that if you were to move 1,000 pounds of food into an area where people have nothing else to live on—and let us take the figure 64, which I took a few minutes ago—and expect them to live on 1.6 ounces per day, it would be preposterous. The only reason I give the figure 1.6 ounces is that it is based on the time the food went in until contact was made by the government three months later.

I must agree that we should have supervised food caches, but when we have not them there—whether we have them or not—you cannot expect people to live on 1½ ounces a day. I have a 3-months-old child. My wife took the child to a doctor the other day and the doctor said that the child should have 13 ounces of milk, 25 ounces of water and five ounces of pablum a day. Let us forget about the water because they could have eaten snow, but the doctor suggested 13 ounces of milk and five ounces of pablum for a 3-months-old child. That amounts to 18 ounces a day.

Mr. Hamilton (Qu'Appelle): What do the Eskimos do for a living?

Mr. Hardie: They have not anything to do for a living. I have told this government and I have told the previous government that they must have an opportunity to make a living, and in this particular area, as far as their living is concerned, they have to get caribou or they do not live, and there were no caribou. The department was advised of this. Not only was the department advised but every time you picked up a paper over the last three years you saw that the department came out with a statement that the caribou were not increasing; they were decreasing; serious things were happening. The poor Eskimo is going to be without food. What is being done? That is the point. My point is not that the caribou have disappeared.

Mr. Walker: What is your point?

Mr. Hardie: I will tell you. Well, we have the gestapo of the printing bureau, this man who is a lawyer, asking me what is my point.

Mr. Hamilton (Qu'Appelle): Give us your ideas; never mind the guff. Tell us what you are going to do.

Some hon. Members: Order.

Mr. Hardie: I will tell you.

An hon. Member: You have never told us a thing.

The Chairman: Order. I must ask the hon. member to confine his remarks to affairs concerning the Department of Northern Affairs and National Resources and to kindly explain to us the relationship between his remarks and this particular department.

Mr. Hardie: Mr. Chairman, as far as the relationship of what I am saying to this particular department is concerned, I can quote from what the minister said in the estimates committee when he said that if one Eskimo is in difficulty in the Northwest Territories the responsibility is right here in Ottawa. As far as the interjections that are taking place are concerned, Mr. Chairman, I have the floor.

Mr. Hamilton (Qu'Appelle): We want to know what you propose.

Mr. Hardie: If these little seals in training want to flap their flippers every time—

Mr. Hamilton (Qu'Appelle): Never mind the smokescreen; give us what you propose.

Mr. Hardie: I gave you what I proposed.

Mr. Hamilton (Qu'Appelle): One point.

Mr. Hardie: I asked the minister a number of questions. I asked for answers; I have received no answers.

Mr. Hamilton (Qu'Appelle): What do you propose to do about this whole thing?

Mr. Hardie: I told you on Saturday and you told me on Saturday that you agree with me and that you were trying to do something about it.

Mr. Hamilton (Qu'Appelle): That is right.

An hon. Member: Be careful.

Mr. Hardie: You be careful,—

Mr. Hamilton (Qu'Appelle): You had better be careful, my friend.

Mr. Hardie: —or you will be quoted. I asked questions. I asked you a moment ago whether people in your employ do not make reports within six months.

The Chairman: Order. I must remind hon. members that they must address the Chair and not carry on discussion among themselves.

Mr. Hardie: Mr. Chairman, I will ask you this. Will you ask the minister whether he will answer the number of questions I have asked? Will he do what he said he would do last Saturday when he said, "I will come back to the actual details of Garry lake in a moment." Will you ask the minister to give us the details of what happened since last December 10 or December 15 until March 22 or April 24, of this year, at Garry lake? Will you please ask the minister whether he will answer that?

Mr. Hamilton (Qu'Appelle): Thank you for the floor. Mr. Chairman, I think the hon. member for Mackenzie River has done the cause of the Eskimo of northern Canada no good by going through this heart-rending description, the ethics of which are very doubtful, by reading into the record parts of an autopsy, as he did last Saturday.

Mr. Hardie: What was wrong with that?

Mr. Hamilton (Qu'Appelle): I agree with him in so far as the fact that the caribou shortage has been growing in the last two or three years is concerned. I have read to the committee what we are doing. I think the general feeling in the committee was that there was a determination to grapple with this problem.

The hon. member knows full well that the area about which he is talking is hundreds of thousands of square miles in extent. He wants me to take a single information service officer and ask him to give reports of every 10 minutes of his day.

Mr. Hardie: You ask every other employee to do it.

Mr. Hamilton (Qu'Appelle): The officer gives reports, Mr. Chairman.

The Chairman: I must inform the hon. member for Mackenzie River that the minister has the floor.

Mr. Peters: Will you call it six o'clock.

Mr. Hamilton (Qu'Appelle): Not for half a minute; I have a couple of things to say. This whole matter was dealt with in the committee on Saturday in an attitude that was above reproach, and because the hon. member made his statement. I accepted in full the responsibility. I laid down what we are trying to do. Then, he asks me the impossible by saying that I have not informed the house of the details of this thing. I have given every bit of information I have on the cache. I do not know how much food was in the caches for Eskimos. They are hunters and fishermen, and when we do try to help them we do it by those patrols and reports from those people. Naturally, when we hear a report we go to help, for they are very independent. They want to move around and carry on their traditional methods of living. We try to help them in every way we can to do that. Where they cannot make a living we are moving now to bring them into areas and do the very thing which I thought the hon. member was going to say he suggested.

Mr. Hardie: I did.

Mr. Hamilton (Qu'Appelle): I say we approve of that and now the hon. member is attacking me on the basis of not doing anything about something about which I did not know anything.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Hardie: At six o'clock, Mr. Chairman, we were discussing a problem which I brought before the house on Saturday and to which, so far as I am concerned at least, I have received no answers. I have received generalizations, yes, but no answers.

I shall now leave this subject until possibly the officials of the Arctic division are before the minister and can advise him on what did happen, not only at Garry lake but at Pelly lake during this winter. I should like to say at this time that I was a member of the committee on mines, forests and waters

which considered the estimates of the Department of Northern Affairs and National Resources. Then, on July 7 the minister spoke in this house about northern development. He attempted to leave the impression that the former government, and the former minister, had done nothing with regard to the development of the Northwest Territories. As I say, he tried to leave the impression nothing was done until he took over the department or the present government took office last June 23.

An hon. Member: Hear, hear.

Mr. Hardie: I was going to do this a little later, but since the hon. member says "hear, hear",—no, I do not think I will quote from this pamphlet at the present time. However, I will say to the hon. member that the establishment of the Department of Northern Affairs and National Resources as approved by parliament in 1953, November, I think it was, under the new minister, the Hon. Jean Lesage, did a great deal about northern development. We heard the present minister quote figures on July 7 when he was trying to leave the impression that the former government did nothing. I should like to quote to him, just to put the record straight, figures illustrating what the former government did from the time the new department of northern affairs was set up in 1953 until the time the former government left office last June.

In 1954-55, the first year after this department was set up, the departmental expenditures were $22,812,189. In 1955-56—

The Chairman: Order. I must remind the hon. member that resolution No. 266 covers the departmental administration for the year ending March 31, 1959. What was spent during the previous years is, of course, in the record, but it is quite out of order to quote those figures at this time. I must, therefore, respectfully ask the hon. member for Mackenzie River to please concentrate his remarks on the resolution being discussed now.

Mr. Pearson: On this point, surely the chairman must recall that before six o'clock hon. members, as was their right, on the other side and particularly the hon. member for Coast-Capilano, discussed what the previous government had done or had not done and then used some interesting adjectives in referring to our lack of action in previous years. These questions have been regularly discussed on the first item of the estimates. Surely, my hon. friend is not going to be prevented from putting on the record, during the discussion of this first item covering administration where discussion is to be general, the facts in reply to the statements that have been made that the previous government had done nothing about northern development in recent years. Surely, under the rules he is permitted to do that.

Mr. Hardie: On the point of order, Mr. Chairman, I feel that all hon. members in the house—

Mr. Walker: You speak for yourself, and not for us.

Mr. Hardie: Oh, here is this legal brain from Toronto speaking. I am not a lawyer, but if you will just take your seat until I am through speaking, then you can speak. I have the floor at the moment. You may be able to bulldoze other people, but you will never bulldoze me.

Mr. Walker: My friend, if you would—

Mr. Hardie: Mr. Chairman, who has the floor?

An hon. Member: Sit down.

The Chairman: Order. In answer to the point of order—was it brought up on a point of order?

Mr. Pearson: I was, with respect, commenting on the ruling that you made to the effect that the hon. member could not talk about the record of the government in previous years in northern development.

Mr. Nielsen: There is nothing much to talk about.

Mr. Pearson: There must be or you would let him talk.

The Chairman: It is quite in order to voice one's opinion about what went on in previous years, but it is out of order to actually quote figures and give very precise details about things which happened previously and which actually are all in the record. It could be explained that previous governments did much more about northern affairs than is being claimed, but it is not really admissible at this time to cite figures.

The hon. member for Mackenzie River has the floor, and it would be appreciated by the chair if hon. members permitted him to carry on with his remarks.

Mr. Pickersgill: If the hon. member for Mackenzie River would permit me to interrupt for a moment, I might say that I appeared before the committee of supply in four successive years, and in every case when I appeared—that was before Your Honour was in the house—it was the custom to compare the estimates of one year with those of

another year. It would be very difficult to do that without citing figures. It seems to me all my hon. friend from Mackenzie River is seeking to do is to make a comparison between what happened in one year and what happened in another year. Here is the executive asking the legislative body, to whom they are responsible, to vote a certain sum of money. Surely, sir, if he cannot compare the amount for which they are asking, and what they are doing with it, with what was done in previous years, there is almost nothing left for us to discuss.

Mr. Hamilton (Qu'Appelle): I am not an authority on the rules of the house, but I would suggest that in this case it would be quite proper and in order to allow the hon. member to compare these figures. In my opinion, on the opening of my estimates almost anything that has been done in the past can be compared with what we are doing now. I wonder if Your Honour would reconsider your decision?

The Chairman: It is quite all right to discuss what was done by the previous government. Actually, what it comes to is that figures can be cited within reason, but one should not concentrate one's remarks on the record of the previous government because that is not relevant to the resolution being discussed. I, therefore, suggest that the hon. member for Mackenzie River try to relate his remarks as much as possible to the resolution being discussed. In other words, I am asking the hon. member to be as relevant as possible to the resolution.

Mr. Hardie: Mr. Chairman, I will try to be as relevant as possible. If you look at the book of estimates you will find that there is one column for 1958-59 and another column showing the estimates for 1957-58. I shall be very brief and will go on with what I was saying a moment ago. After the department was set up I find that in 1954-55 the estimates of the department amounted to $22,812,189. In 1955-56 they amounted to $28,541,754, or an increase of 30 per cent over the previous year. In 1956-57 the estimates of the department amounted to $38,033,363, showing a further increase over the previous year of 33 per cent. In 1957-58 the figure was $53,405,298 or an increase over the previous year of 39 per cent. The estimates for this year amount to $71,170,284 which is an increase over last year of 34 per cent. If you take the figures for the four years when the department was under the former minister you will find that the average increase per year starting in 1954-55 was 34 per cent, and the increase this year over last year is 34 per cent. Therefore the increase is a normal increase.

The former minister must have done something over the years because if you take the estimates of 1954-55 and compare them with those of 1957-58 you find an over-all increase of 230 per cent. These people say that nothing was done with respect to northern development prior to the time they took office. We heard in the committee and again in the house on July 7 a great deal about the necessity of having an inventory of our resources. The minister said we had to have an inventory of our resources. After attending the committee hearings and after listening to the minister on July 7 I still do not know how he intends to get an inventory of our resources.

Mr. Hamilton (Notre Dame de Grace): You had better smarten up.

Mr. Hardie: I will tell you one thing. The minister said something today about doubting my ethics in quoting from an autopsy report which was part of the evidence produced at an inquest at Garry lake, but I will say this to the hon. member for Notre Dame de Grace. I did not stoop as low as he has. I telephoned the minister and asked if I could do it. I did not do like the minister did in 1954 when he stoolpigeoned the Post Office Department, when he received a report from the postmaster general—

Some hon. Members: Order.

The Chairman: Order. I must ask hon. members to my right to permit the hon. member for Mackenzie River to carry on with his remarks. If they wish to ask his permission to ask questions they can do so but they cannot interrupt him in the manner they have been doing. I must also remind the hon. member for Mackenzie River that in one aspect in particular his remarks were not parliamentary and I would ask him to use more moderate language.

Mr. Walker: He does not know any better.

Mr. Howard: He is no different from you.

Mr. Hardie: I will try to do that since you have also spoken to the members across the way. As I said, the minister said that it was very necessary to have an inventory of our mineral resources in Canada but I do not know yet how he is going to get that inventory. I pointed out to the house on July 7 that you do not get an inventory of mineral resources by drawing lines on a map and saying that you are going to build roads from here to here not knowing what potential the area has in which you are going to build the roads. I pointed out at that time

that if the minister is so anxious to get an inventory of these resources what is needed is an acceleration of geological, magnetometer and electromagnetic surveys to find out the areas where there is a potential and give the information to private industry so that they can go there and drill the holes that will give you an inventory. You do not get an inventory by looking at a map and drawing a lot of coloured lines on it. You do not know how much ore is in the ground until you drill and block out the bodies.

The minister said that we did nothing prior to his taking over the department. I want to call as my witness with respect to what the former government did the same hon. gentleman, the Minister of Northern Affairs and National Resources. I have here a booklet entitled "This is the Arctic" issued under the authority of the Hon. Alvin Hamilton, Minister of Northern Affairs and National Resources. The present minister, speaking about what has been done over the years, had this to say as found on page 24:

> Since the second world war, government activities have increased enormously in the far north. New schools, new airfields, entire new town sites are being developed. Geological, topographical, and aerial surveys have been or are being completed. Large areas have been accurately mapped for the first time. In summer, ships plow through the ice floes bringing supplies to distant weather stations and medical attention to isolated Eskimo groups. In all seasons, aircraft of the Royal Canadian Air Force criss-cross the barrens and the bush, the lakes and the frozen seas.

This is what the present minister says has gone on since the second world war. He says it in an official booklet published last year.

An hon. Member: Where was it printed?

Mr. Hardie: The Queen's Printer. Let us take a look at this statement of the minister. New airfields were constructed before he took over the department recently, airfields which naturally were built by the former government to make it possible for the air line companies to reduce their freight rates and to reduce the cost of living and the cost of production in that part of the country.

An hon. Member: Who got the contract?

Mr. Hardie: Private enterprise. I will go further. There was not only a reduction in the cost of production but the cost of drilling and exploration necessary to find out where our minerals are located and to do the job the minister wants to do, to give us an inventory of our resources and to find out the extent of our ore beds.

The minister says in his statement "Geological, topographical and aerial surveys have been and are being completed; large areas have been accurately mapped for the first time." I ask this house, are these not methods by which we find the areas where minerals are located? In fact we must indicate to private enterprise where they should look for these minerals. The statement also goes on to say that the former minister built new schools and new townsites. This clearly indicates that the Liberal government saw the need not only of material development but also of social development, a policy which I think all members of this house will agree was a sound and practical policy.

We also find that some ships ply through the Arctic ice floes and that the Department of National Health and Welfare has done a great deal in regard to the health of our Eskimos and, I might say, in regard to the health of the Indians and the white people by providing grants with which to build hospitals, nursing stations in many areas of the Northwest Territories. I hope the minister can persuade his cabinet colleague, the Minister of National Health and Welfare, to extend those services to those areas where they still do not exist and where we feel they should be provided. Nurses and doctors are located in various areas at this time, but I hope the minister will talk over this matter with the Minister of National Health and Welfare with a view to providing an extension of all such services.

The hon. members of this house can readily see that the Minister of Northern Affairs and National Resources has been talking out of both sides of his mouth. When he puts out an official document printed by the queen's printer, like this one, he tells the truth, but when he barks in committee and in this house in the manner of a bull seal for the benefit of the 200-odd little seals in training that I see on the other side of the house and over here to my left he says things which will make the little seals flip their flappers, or flap their flippers.

We have heard a great deal about the railroad. In the speech from the throne we were told that a railroad was going to be built in the Northwest Territories and the hon. minister told this house—well, I will give it to you later, because I cannot find it at present, but since we have another hour and a half I will find it. We have, however, heard the government indicate to the people of Canada and particularly to the people of Peace river, northern Alberta and the Northwest Territories, that this government was going to bring in a bill to build a railroad this year. What do we now find? We are not to get any bill, so the Prime Minister says. The minister told the Leader of the Opposition on July 7 that the former government had done nothing about this railroad, but I want to tell him that the

officials in his department prepared and submitted to the Gordon commission in November, 1955, I think it was—or 1957, I am not sure of the date—

An hon. Member: You are all mixed up.

Mr. Hardie: I cannot carry all this in my mind—

Mr. Nielsen: It is a wonder you have been able to carry the little that you have.

Some hon. Members: Oh, oh.

Mr. Hardie: If all I had to carry in my mind were some of the silly interjections made from across there, that would be a simple proposition. In any event, the minister on July 7 told the Leader of the Opposition that if the former government had been in power he doubted if there ever would have been a railroad. I want to put the record straight. In September of 1957 the former government asked the Canadian National Railways to do an economic and route survey of a railroad from Alberta to the south shore of Great Slave lake. The report on that survey has never been tabled in this house, although I have been asking for it ever since November last.

This government received the report on that survey, not the former government. This government is the government which could have acted on its recommendation. What have they done? They have withdrawn all chance of building a railroad this year; they have withdrawn the promise they gave to the people of Canada in the speech from the throne and in particular the promise they gave to the people of the Northwest Territories; they have withdrawn all those things and today we have no bill for a railroad.

I suggest to the minister, and I am sure the hon. member for Peace River would agree with this, that if the minister cannot convince his cabinet colleagues that a bill should be introduced this session to build 400 miles of railroad from wherever it might be, Waterways or Grimshaw, then he should ask his colleagues and the railroad companies to assist him to introduce a bill this session to start construction of a railroad from Grimshaw, Alberta to Fort Vermilion, Alberta, an area which is already settled and which is composed of agricultural land.

The hon. member for Peace River can and has told this house the great benefits offered by that area, so let us bring in a bill this session to this end and then, during the following session, bring in a bill to extend that measure into the timber rich areas of the Wood Buffalo park or Fort Smith area and then, and if the Consolidated Mining and Smelting Company, which controls the biggest lead and zinc deposit in North America and possibly in the world, will give assurance to the government that they will open up their property when the road is complete we could take off a branch line from Fort Vermilion and run it north to Pine Point and terminate it up at Hay River where we have an open port and where we can transship the freight carried into Hay River down the Mackenzie river and along the Arctic coast or across to Great Slave lake into Yellowknife and into the mining country.

Mr. Hamilton (Qu'Appelle): Before recess the hon. member for Mackenzie River was asking about the report and I collected this information in the meantime. The northern service officers send monthly reports to the department in Ottawa, which are supplemented by interim reports at all times. There is no report from this particular northern service officer for the month of February, as he was absent on duty in Eskimo Point. There is however a report from this officer on file and in a moment I am going to ask the permission of the committee to read this report into the record, and then ask to table it tomorrow because it is the only copy we have. If the committee will accept this I think it will give as full information as we have in the department.

As to the cache which has been talked about it was located at Pelly lake near an abandoned air strip and an abandoned house. It was left there by Spartan Airways. The contents were some food left over after a Spartan Airways construction job and was left as a gift to the local Eskimos under our supervision.

Mr. Hardie: I wonder if the minister could tell the committee on what date that cache was left?

Mr. Hamilton (Qu'Appelle): I think the report will mention the date, within a day or so. In addition, we took in from the department 2,400 pounds in two trips and this, too, will show up in the report. There was an Eskimo placed in charge with explicit instructions as to what he should do with this food.

I should like to read this report into the record now, and, since it is the only copy, I should like to have permission to table it tomorrow.

The Chairman: I believe the hon. gentleman could actually read the report into the record. That would be sufficient. And if the Minister of Northern Affairs wishes to table the report tomorrow he can, of course,

do so, but I remind the committee that the report should be tabled when the Speaker is in the chair.

Mr. Hamilton (Qu'Appelle): I will read this report subject to the proviso that this is a privileged document, and it does not set a precedent for tabling a privileged document in future. But I understand it is the privilege of a minister to bring such a document into committee and read it if he so wishes.

The memorandum is dated Baker Lake, April 26, 1958, and it is addressed to the chief, arctic division.

Garry Lake Eskimos

On April 24 I sent the following mesage to your office:

Visited Garry and Pelly with Corporal Wilson April 24. Eskimos interviewed report food shortage throughout area all people one camp plus three others died starvation after building at Pelly containing relief supplies burned down February. R.C.M.P. Otter flying food supplies Pelly April 25 will accompany in my plane full report on return.

Since this message was sent the R.C.M.P. Otter has come from Churchill to Baker Lake. On April 25 it made an attempt to fly to Garry and Pelly lake but was forced to turn back because of poor visibility. As this memorandum is being written the plane is making a second attempt and probably will reach Pelly lake although flying conditions are far from ideal. The R.C.M.P. plane is taking in relief food supplies to be left at Pelly lake and, if possible, it will make a search of the area for Eskimo camps. Due to poor visibility on April 25 and high winds on April 25 I have been unable to leave Baker Lake in my plane. Corporal Wilson is with the R.C.A.F. plane. I have remained at Baker Lake in order to allow the R.C.M.P. aircraft to take my equivalent weight in aviation gas for my plane to Pelly lake. This will enable me to fly to Garry and Pelly and give me ample gas in that area if it becomes necessary to use my plane to search for camps. I expect the R.C.M.P. plane will return to Baker Lake this afternoon and take off for Churchill, I will send this preliminary report on the plane.

On February 20, in a memorandum to your office (File 205-4/159) I outlined the position of the Garry lake group of Eskimos as it was known to us at that time. Subsequent to this memorandum I discussed the situation of the group with Mr. Rudnicki and Mr. Stevenson while in Churchill at the end of February. So far as I can ascertain at this time the evaluation of the situation at Garry as outlined in my memorandum and in the conversations at Churchill was correct except for one unknown, and very important, fact. At the time I wrote the memorandum I did not know that the building at Pelly lake containing all the relief supplies as well as the trade goods for the Eskimo (which had been taken to Pelly lake by Corporal Wilson) had been burned to the ground early in February with the loss of everything inside. The loss of these goods changed what would have been a 'hard' winter into one of tragedy. The following is a chronological arrangement of events relating to the Garry lake group starting from the summer of 1957:

In midsummer, 1957, the northern service officer at Baker Lake received a wireless message from the Roman Catholic priest at Garry lake to the effect that the group of Eskimos in that area were in danger of starvation. Upon investigation by the Baker Lake R.C.M.P. detachment O.C. this report proved to be without foundation. The Eskimos were concentrated on one small island by the Roman Catholic mission and were unable to exist as a large group at that point. Immediate dispersal of the Eskimos into small groups on the land throughout the Garry lake area brought food in plenty to all camps. The R.C.M.P. N.C.O. arranged to fly in to Garry lake a large quantity of family allowance food and relief food supplies to be stored in the area in case of emergency. (At this time the northern service officer Baker Lake had departed for posting at Churchill). In mid August the R.C.M.P. N.C.O. Baker Lake spent a week at Garry lake visiting all the Eskimos at their camps. Caribou were being taken in small numbers and fishing was adequate. With Spartan Airways personnel at the Pelly lake airstrip he arranged for the use of an unheated building as a warehouse for the food supplies brought in by plane. The local Eskimos were instructed to use the relief supplies in the building in case of emergency. Under the direction of the Roman Catholic priest at Garry lake, one of the Garry lake Eskimos, Maneeralik W1-207 who had recently returned from hospital in southern Canada, was asked to supervise the distribution of the food supplies as required. The R.C.M.P. N.C.O. encourage the Eskimos to set traps during the coming winter and to bring the furs to Maneeralik who would issue goods to them in return. Arrangements would be made to transport trade goods from Baker Lake to Pelly lake in the R.C.M.P. plane. The R.C.M.P. N.C.O. also urged the people to put up good caches of fish before freeze up. Early in December the Roman Catholic priest from Garry lake, with the Eskimo Maneeralik, came to Baker Lake by sled. He reported to the R.C.M.P. N.C.O. (the northern service officer was in Ottawa) that food was in short supply throughout the Garry lake area. Few caribou had been seen and the people were existing on fish. The R.C.M.P. N.C.O. requested that the R.C.M.P. Otter come to Baker Lake in order to fly in additional food supplies to Garry lake. These supplies would be in the form of family allowance goods and trade goods. Maneeralik had reported that the Eskimos had a number of fox and wolf skins with which to trade for food and other supplies. These skins had been left in the building at the Pelly lake airstrip. (The airstrip is ten miles from the Roman Catholic mission at Garry lake) Maneeralik had kept records of the numbers of foxes brought to Pelly lake by the Eskimos and of the goods he had issued to them in return from the supplies on hand. The R.C.M.P. Otter came to Baker Lake and took the additional supplies to Pelly lake. I arrived back in Baker Lake just in time to accompany this flight. I reported on this trip to the effect that the additional supplies had been taken to Pelly lake and stored in the building. I also reported that a good portion of the goods and food taken in last fall was still in the building which indicated that no serious food problems existed at that time. The Baker Lake R.C.M.P. N.C.O. planned to make a dog sled patrol to Garry and Pelly lake in late February. I reported on this in my memo of February 20. At the time I was dubious that this patrol would actually take place and discussed this matter with Messrs. Rudnicki and Stevenson in Churchill. As a result of these discussions I sent a wire to the Baker Lake R.C.M.P. N.C.O. suggesting that, if he was unable to make this patrol Messrs. Stevenson and Rudnicki could come to Baker Lake from Eskimo Point in the R.C.M.P. Otter and then fly in to Garry lake in order to ascertain conditions. Following my

[The Chairman.]

departure from Churchill for Ottawa Mr. Stevenson received a wire from Corporal Wilson to the effect that the patrol to Garry lake would take place.

The patrol to Garry lake did not take place. The Eskimo guide from Garry lake, who was to have come to Baker Lake in February, did not show up. I do not know what happened to the plan to hire a Baker Lake Eskimo as a guide. In mid-March Corporal in charge Baker Lake R.C.M.P. detachment requested that a flight be made to Garry lake with additional food supplies for the Eskimos. This flight was made during the third week in March, shortly before the northern service officer arrived back at Baker Lake with his personal plane. The R.C.A.F. Otter aircraft made the flight to Garry and Pelly lake with the R.C.M.P. N.C.O. Baker Lake and an aircraft load of food supplies. At Pelly lake it was discovered that the building containing the food and other supplies had been burned down. Nothing remained of the building except the banked up snow walls which were completely drifted in with snow. There was no sign of any Eskimos in the vicinity of the airstrip. The food supplies from the plane were deposited on the airstrip and the plane returned to Baker Lake. It was experiencing some engine trouble and it returned to Churchill the next day.

The northern service officer returned to Baker Lake on March 23. He discussed the matter of the Garry lake group with the N.C.O. R.C.M.P. and it was decided that, after a few days flight practice at Baker Lake, he and the R.C.M.P. N.C.O. should make a trip to Garry lake to visit all the camps in the area. The R.C.M.P. N.C.O. expressed the opinion that the Garry lake Eskimos were not living well but were getting by on fish. Bad flying weather in early April kept flight practice to a minimum and prevented any trips away from Baker Lake. On April 11 the northern service officer received word to proceed to Rankin Inlet to attend the trial of Kikkik. The trip to Garry lake was postponed until his return from Rankin Inlet.

The northern service officer returned to Baker Lake from Rankin Inlet on April 17. Bad flying weather on the 18th and 19th prevented any flight to Garry lake. On April 20, he, and the R.C.M.P. N.C.O. flying in the N.S.O. personal plane, managed to get within ten miles of Garry lake before being forced to return to Baker by extremely bad weather. Bad weather kept the plane grounded on April 21, 22, 23. On April 24 the N.S.O. and N.C.O. R.C.M.P. managed to fly to Garry lake and Pelly lake without trouble. The plane circled the R.C. mission at Garry lake but as no sign of life was seen at that point it proceeded to the airstrip at Pelly lake. Because of bad drifts on the airstrip and the fact that a 20-mile an hour cross wind was blowing directly across the strip, the plane had to land on a small lake about two miles from the strip. From the air Eskimos could be observed near the buildings at the strip.

At Pelly lake airstrip were six Eskimos: E2-304 Teenak and his family of four, and Kukshow E2-302. Teenak and his family had been living in one of the Sparton buildings at the airstrip for almost a month. They were quite well off for the building was being heated by two oil space heaters and was equipped with beds. They were living on fish and the food supplies taken in on the R.C.A.F. Otter. Kukshow had just arrived at Pelly lake from his camp the day before we arrived. He was quite hungry. He had left his family at the camp, where they were living on fish plus a portion of the food supplies brought in by the R.C.A.F. Otter late in March, and had come to the airstrip for more supplies. From these men we obtained the story of events at Garry and Pelly lake during January, February and March. This story is not substantiated as yet and details may change slightly but it seems to be correct in most respects.

The Garry lake Eskimos got almost no caribou during the winter of 1957-58. They existed on fish and the food supplies brought in last fall. Until December they did not do too badly. They all had dogs, they were trapping and trading the furs for goods at Pelly lake. During January the fishing declined and they became more dependent on the food stored at Pelly lake, although they were still getting some fish. In late January or early February two Eskimos, Arnaguak E2-356 and Akeekunga E2-328 came to Pelly lake from their camps in order to get food from the supplies in the Sparton building. At Pelly lake they decided to stay in the building. We do not know how long they stayed but at some time during their stay, Arnaguak lit a Primus stove and it exploded, spreading flame throughout the interior of the building. Akeekunga was asleep at the time but both men managed to get out of the building. It appears that Akeekunga had his clothes on but Arnaguak had only trousers and underclothes. Akeekunga managed to make his way back to his camp, how we do not know. At his camp the people were depending on him to bring food from Pelly but, of course, he brought none. This entire camp of eight people died of starvation and exposure at some time in the next few weeks. After the explosion and fire Arnaguak, who was without adequate clothes, crawled into a small building on the airstrip and burrowed down into a pile of mattresses in the building. He never came out and his body is still there. His is the only body we have seen to date. As nearly as we can gather almost two-thirds of the food supplies taken to Garry lake and stored in the building at Pelly lake were lost in the fire. This completely destroyed the safety factor in the local food supply.

From Teenak and Kukshow we obtained a list of the people known to have died during the winter. A copy of this list is attached. As yet we have been unable to verify the deaths of any of these people except Arnaguak E2-356 whose body is in the building of the airstrip. A total of sixteen people died, twelve of these almost certainly as a result of food shortage, the remainder of other or related causes. We decided to return to Baker Lake and request an aircraft from Churchill to carry food supplies to Garry and Pelly lake and to search for all camps so as to ascertain that all remaining Eskimos were well. My plane had insufficient gas for searching in the area as we had been fighting strong head winds all the way up from Baker Lake. The aviation gas at Pelly lake is too high an octane rating for the plane. We arrived back at Baker Lake at 3 p.m. April 24 and sent messages to Ottawa and Churchill.

The plan for the immediate future is to make sure all Eskimos at Garry lake have sufficient food to last until fishing and hunting improves which it usually does in mid May. Once this is done we will evaluate the position of the group and submit recommendations. I will assist in the search for camps by using my plane so long as weather permits but the main work will be done by either the R.C.M.P. Otter or the R.C.A.F. Otter until all camps have been located. This should not be a difficult task as all camps are within fifty miles of Pelly lake.

It would be unreasonable to suppose that hon. members of the committee could have grapsed the full significance of this lengthy report in all its detail from one reading of it but what it boils down to is this. The department followed every bit of advice and practical policy it could adopt under the circumstances. As far as it was concerned it had provided this food cache as a safety factor. The Eskimos were not abusing it but came from their camps to get food only when

they felt they did not have sufficient fish. The tragedy of the food cache burning down destroyed the safety factor as the report pointed out and in effect its loss was the main contributory cause of the death of these 16 Eskimos.

I should like to point out something which I am sure the hon. member for Mackenzie River must know concerning the customs of these people. These people in the Keewatin district are caribou hunters. Their whole life is associated with the caribou. The northern service officers have been attempting to have them diversify and widen their efforts and rely more on fish. Stories are told in the department about officials having gone among the Eskimos with fishing equipment such as nets. After teaching the Eskimos how to use them the Eskimos used the nets as long as officials of the department were with them. But the instinct of these people is not to sit beside a hole in the ice. Their instinct is to go out and hunt caribou. They usually range between 200 and 300 miles from their bases when hunting. It would be almost impossible for any group to keep in touch with them.

In recent years because of the activity of this and other departments of government and construction groups in the area, all of whom have been very good about supplying food to the Eskimos, the Eskimos have come more and more to rely on the free food that is provided. That is the reason why they have limited their activities to within 40 or 50 miles of a camp. And, of course, this very thing destroys their ability to find food.

No one here would want to make this into a partisan issue between parties or groups because, as I think the record will show, in the last number of years the Department of Northern Affairs and National Resources has been moving as rapidly as the members of this house would vote them supply to get certain things done. I could quote the figures on what has been happening over the years, but I should like to point out to the hon. member for Mackenzie River that I have never taken credit away from anyone who did anything; I have never tried to pretend that the Department of Northern Affairs and National Resources did nothing before I became the minister. These are assumptions made mostly by those with guilty consciences.

I am going to ask the hon. member, when he attacks this department for doing nothing, who is he really attacking? He is really attacking the previous incumbent of this office because the caribou decline was first reported as a result of a survey by the wild life service of the department in 1952-53; but no one credited the report at the time. This report was further checked in 1954 and 1955. Let me remind the hon. member that in 1954 there was not one single northern service officer any place in the area. In 1955, after this report had been made in 1952, 1953, there was not one single northern service officer in the whole district of Keewatin, but there was one in Churchill. In 1956, which is four years after this report, there was one northern service officer in Churchill, one in Baker Lake, plus eight R.C.M.P. officers in all of Keewatin. This was three years after the caribou decline was thoroughly established. I ask the hon. member, in all fairness, who was in power then?

Mr. Hardie: And I ask the minister how many caribou more northern service officers are going to bring back?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the depth of the hon. member's wisdom in this case is well demonstrated. The northern service officers do not bring back caribou but what they are there for is to try to look after the Eskimo, to help them adapt to the new conditions. All I am saying here is that I am not going to be a party to making a political issue out of the unfortunate things that have happened to those Eskimo.

I think that what the hon. member did on Saturday was sufficient to bring them to the attention of the country, as they have been brought to the attention of the country by our deparment over the last few years. The department has done everything that it can think of. I asked the hon. member before recess what he suggested. One suggestion he made on Saturday we agreed with, namely that we should have to begin moving them into those settlements, and we are starting that. He said nothing beyond that. The assumption that was made—

Mr. Hardie: Provide them with an opportunity to work.

Mr. Hamilton (Qu'Appelle): That is it.

Mr. Hardie: To make a living.

Mr. Hamilton (Qu'Appelle): That is it, but we are trying to move them in the only way we can do that. But beyond that, all this business that was brought to light here this afternoon and the inferences that were made were that we deliberately just took a thousand pounds of food and made those people exist on one ounce and something a day; that statement was absolutely unfair to the men out in the field and to the men here in Ottawa in this department.

Mr. Hardie: It was nothing of the sort.

Mr. Hamilton (Qu'Appelle): I am sure that if the previous incumbent of this position

were here he would say the same thing. I do not know what the hon. member has against Mr. Jean Lesage; I do not know why he has such burning hatred of him that he would destroy him as he has done here tonight.

Remember this, Mr. Chairman. Every bit of money that was used in this program that we are talking about and that the hon. member is complaining about that was put in the estimates in 1957-58 was put there by the previous administration. The manpower that I have to use was put there by the previous administration and the organization was put there by the previous administration. I do not believe that this tragedy can be blamed on anyone. I believe the circumstances are so difficult in this area that they are almost impossible to cope with. The situation grieves every member of this house, as it must grieve every Canadian across this country. But if there is any blame, be careful where you put it.

The hon. member went on tonight with a new line of attack. He attacked the department and compared figures. I was very happy, Mr. Chairman, that you allowed him to quote those figures because what he quoted was the total spent in the department over the years. Let me quote tonight the figures for northern construction because this development under way cost in 1949-50 less than a a million dollars; in 1950-51, two-thirds of a million dollars; in 1951-52, a quarter of a million dollars; in 1952-53, a quarter of a million dollars; in 1953-54, a quarter of a million dollars; in 1954-55, a third of a million dollars; in 1955-56, less than $2 million; in 1956-57, $5.8 million; in 1957-58, this year's estimates, $12.1 million; plus the main estimates for 1958-59, which we are dealing with, $15.7 million, and supplementaries this year of $3.5 million, a total of $19.2 million. Now, last year's vote for which the previous administration was responsible for northern construction in the Northwest Territories amounted to $12.1 million. This year, I am asking for $19.2 million and the figures for the Yukon are even more impressive.

I think, Mr. Chairman, in view of the long discussion that we have had in committee, 25 to 28 hours, that this is a repetition of much that was said in committee. I do think that the issue has now developed, not into one of getting information from the department but of making political charges. If you want to go back and fight the last election and if you want to go back and ask the people of the Northwest Territories whether they want that $19 million, you should stand up and say so.

Not so very long ago the hon. member voted no confidence in this government because of our development policy. You heard your leader come out today and warn this country of the significance of the work that is going on in our northern areas and, in effect, telling us that we had to keep a very careful eye up there. He used the expression that we must have effective occupation of those northern areas. He has changed his mind since the election. He has learned from experience. He no longer talks about "igloo to igloo". He is talking now about maintaining the sovereignty of this country in the northern areas. But you are going in the opposite direction trying to tear down what we are doing and you are no friend of this northern development program.

Mr. Pearson: Mr. Chairman, I had a little doubt as to whether I would prolong this discussion or not but the minister's last words certainly resolved that doubt when he ventured to say that my remarks this afternoon on this matter meant that I had changed my mind, on the necessity to have effective occupation of the north. I could show the minister a good many statements that I have made over the years, including statements in the United States of America and articles in United States magazines, pointing out years ago that not only did Canada have a right to this Arctic territory but she was going to make that right stick through effective occupation. So for me, Mr. Chairman, there is no conversion represented in any observation I made this afternoon.

So far as the tragedy of the starving Eskimos is concerned, the minister has just read to us a heart-rending report in very simple but very eloquent terms of the tragedy of starvation and death descending on this little band of Canadians. We in this country often boast about our mechanistic, modern civilization as having given us the highest standard of living in the world, and yet this tragedy has driven home to us the fact that there are still Canadians whose problem is one of stark survival, and not whether to buy a second television set or not. Perhaps this discussion, Mr. Chairman, may help the government in doing something about it. I am not blaming the government for this particular tragedy. There was a combination of unhappy circumstances. But this discussion and the publicity that it has achieved may perhaps help to prevent that kind of tragedy occurring again. If it does, we will all be happy about the publicity that has been given in the house.

There are only two other matters which I feel I must mention—it will not take long—because the minister brought them up this

afternoon. He did say, and I am not quarrelling with the use of the word, that we over here scoffed about the vision of developing a great centre in Frobisher Bay. I did mention that this afternoon, and I read from a report of the minister's trip to this place. It may well be that Frobisher Bay, before long, will be an important centre of a great defence complex and a trade and economic complex. It may realize all the dreams that were portrayed in this particular report. What I asked the minister on this point was merely for information concerning, not the building of skyscrapers in Frobisher Bay because if that is the best way of providing Arctic housing, that is fine, but this particular report says, and this is what struck my imagination and I wondered whether there was any basis of fact for it:

> It involves the use of six-story skyscrapers of concrete ringing a mammonth central, roofed and heated hexagonal plaza containing stores and offices.

This leaves the impression that the population of this particular place would be living under cover in winter and summer, if they so desired, and that seemed to me to be a new idea in Arctic development.

I talked about the atomic power station, with which the minister did not deal except in a general way. I ask him if he can confirm the statement he made, and it is an important one, that we have now in this country package atomic power stations for this kind of use. If we have, we have made a great deal of progress in Canada in the last year, and progress of which we can all be very proud.

After I made that statement, and during the dinner recess, I happened to pick up the New York *Times*. Perhaps the minister has read this article. The report is from Chicago, dated August 13, and it says that the Argonne National Laboratory of the United States, which is the centre of atomic power development over there for civilian purposes, announced today—that is August 13—the development of a portable package atomic power plant designed for use on the Distant Early Warning line, that is in Canada. Apparently this is the first atomic power plant for this purpose that has been designed and brought into use, at least in prototype, in the United States. The report goes on:

> The unit is called the Argonne low power reactor.

It has a capacity, at full power, to produce 3,000 thermal kilowatts, enough energy to light 300 average homes or to heat 14 average homes. Presumably, you would need quite a few of these for the kind of development about which the minister was talking. As the United States has now announced this is a first, it is a prototype, I was naturally even more interested after dinner in the statement the minister made that we had already in Canada such a package atomic power plant.

The only other matter I wish to mention is the statement of the minister—I think it was an important statement and he should produce some evidence to support it—that Canadian cabinet ministers and officials had to go through certain formalities before they could visit United States military installations in the Arctic. He mentioned one Canadian official in particular who had been held up for months in doing his official work on Canadian soil because of these formalities. I suspected that the minister's statement would become headline news. If he looked at the seven o'clock news on television, he would realize it has already become so because the particular news which I saw at seven o'clock —probably it was an effort to compress what the minister said—indicated that both cabinet ministers and Canadian officials had considerable difficulty in visiting these stations on Canadian soil. I do not know whether or not the minister wishes to leave that impression.

I do know that when we were in office there was no difficulty of any kind for any Canadian cabinet minister who wished to visit any United States controlled station on Canadian soil, a United States station which was there with our approval and after formal agreement with Canada. All he had to do was indicate his desire to go there and he was cleared at once. It is not improper that Canadians, even Canadian cabinet ministers, should have to be cleared on occasions like that because if we had a top secret military installation in the United States, and we are entitled to have one there under agreement between the two countries, and any United States cabinet minister wished to visit it he would have to be cleared through the proper Canadian security authorities. I venture to say that if a German cabinet minister wanted to go to a top secret Canadian establishment on German soil, and we have some there, he would have to be cleared by the Canadian authorities. That is not improper procedure. But if it is being improperly exercised by the United States, we should hear about it. If Canadian officials are in fact being held up through the improper application of United States security procedure, we should have information about that. If that is being done there are remedies available to apply to that kind of thing to stop it.

It seems to me that if it gets out at this particular moment that United States authorities are improperly exercising their authority on Canadian soil in the way in which the

minister's statement was reported this afternoon, it would be unfortunate. It would be just another pin prick in the relations between the two countries at a time when we do not want that kind of thing. Therefore, I hope the minister, before we pass this particular item of his estimates, will clear up that point.

Mr. Hardie: In my opinion, the minister's statement has not added anything new to what has been said. Apparently, however, there is a new tactic on the government side. This afternoon I asked the minister a number of times if he had received reports from his officials in the field in regard to Garry lake. He said: "No, I have not received any reports." He had never heard of them. No official had reported to him. There was nothing in his department. They had no reports. Tonight, he brings in the hidden document.

Mr. Hamilton (Qu'Appelle): I shall have to take exception to that statement, Mr. Chairman. I said no such thing and the record will bear me out.

Mr. Hardie: I asked for this report all afternoon and got nothing. Then this evening the minister reads this report into the record and accuses me of blaming someone. I still say that the evidence he brought in tonight proves what I said before, that there was no contact between December 10 and March 22.

Then, in so far as the figures on construction are concerned that he put on the record, I want to say I went through the estimates yesterday, this very large sheet which is provided in the back of the book of estimates. I am going to quote from two of the items: Construction or acquisition of buildings; in 1954-55, $4,157,459; 1955-56, $9,473,946; 1956-57, $17,685,834; 1957-58, $27,342,007—it is $10 million more than the year before; this year, $30,971,179, which is $3 million over last year and last year was $10 million over the year before. Then, in the item of repairs and upkeep we find the same sort of story. The next item is equipment and construction and in 1954-55 the expenditure was $1,966,215; in 1955-56 it was down to $909,180, but in 1956-57 it was up to $1,544,515, an increase of $600,000. In 1957-58 there was another increase to $1,700,606 and this year the amount is $2,792,731. These are the figures I took from the estimates. These are the only figures available to me or to other members of the house. The figures I quoted this afternoon were based on what was shown in the main and supplementary estimates for each year.

Item agreed to.

268. To provide for contributions to the provinces, pursuant to agreements entered into or to be entered into, with the approval of the Governor in Council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for camp ground and picnic area developments, $1,000,000.

Mr. Tucker: Mr. Chairman, last spring the Department of Northern Affairs and National Resources, with the co-operation of the department of mines and resources of the province of Newfoundland, established a few campground and picnic sites in the vicinity of Newfoundland highways. These sites have proved to be very successful and have had a double effect. In the first place, they have given badly needed employment. Secondly, they have provided badly needed campground and picnic sites which are becoming very important and necessary along our highways. I believe that this was the first time that such a development took place and on behalf of those concerned I wish to offer my sincere thanks to the Minister of Northern Affairs and National Resources for this work. I trust that this is only the beginning and I hope that the minister will see his way clear to extend this program.

Item agreed to.

National parks branch—

269. Branch administration, $143,105.

(Translation):

Mr. Pigeon: I shall be brief, Mr. Chairman. In the federal riding of Joliette-L'Assomption-Montcalm, there is an historic site of national importance, located in the town of St-Lin-des-Laurentides. This site is the direct responsibility of the Department of Northern Affairs and National Resources. As I said, it is at St-Lin-des-Laurentides, and meant as a tribute to Sir Wilfrid Laurier, our great autonomist prime minister who was born there. The monument was erected some years ago. At the entrance and exit of St-Lin, four signs had been put up which read: "Laurier's birthplace", in English only.

They had been there for several years. When I took up the matter with the Minister of Northern Affairs and National Resources (Mr. Hamilton), he personally went over to St-Lin-des-Laurentides to visit this historical site and to correct this omission. A few days later, his department informed me that the signs would be changed bearing new fully bilingual escutcheons.

Mr. Chairman, I wonder why the previous government refused to respect the memory of Sir Wilfrid Laurier—who was bilingual himself—and did not want to respect the

bilingual character of my constituency and of the province of Quebec. Yet, Mr. Chairman, Laurier was bilingual. And this happened under the previous government. And do you know who, Mr. Chairman, was minister of northern affairs and national resources at the time, and who failed in the full application of the principle of bilingualism? None other than Mr. Jean Lesage who, today, wants to extort the confidence of the province of Quebec. Thus was the principle of bilingualism trampled underfoot by that gentleman! Mr. Chairman I say that it is all to the credit of the province of Quebec and of the country that the minister has corrected that injustice to the memory of Sir Wilfrid Laurier and to the province of Quebec. It was a shameful thing, Mr. Chairman, for Mr. Jean Lesage to have trampled underfoot the principle of bilingualism in this manner.

I would also like the minister—if that is possible—to see that a commemorative plaque be placed on that part of the college of l'Assomption which is a hundred years old, in order to recall the fact that Sir Wilfrid Laurier was a graduate of that institution.

I wanted to make these few remarks to denounce publicly, in this house, Mr. Jean Lesage, who at this time is attempting to abuse the confidence of the province of Quebec, and who has trampled underfoot the principle of bilingualism in the province of Quebec.

Once again I thank the Minister of Northern Affairs and Natural Resources for having made the journey to St-Lin-des-Laurentides and having corrected that omission with respect to bilingualism.

Mr. Dupuis: Mr. Chairman, I am sure that Hon. Antonio Barrette will be very proud indeed of his little filly.

(Text):

Mr. Pickersgill: Mr. Chairman, I have one or two rather unexciting questions I should like to put to the minister about the administration of the national parks. I did not press the minister for an answer to my question about the employment policy in Terra Nova national park on the first item and I have no doubt whatever that the minister has every intention of carrying out the assurance he gave to the minister of mines and resources of Newfoundland about giving preference in employment to those people who formerly made their living in the park. Because there are no newspapers published in my riding my constituents do not read newspapers very much but they do read *Hansard* a good deal and I know that it would give them some comfort to see this assurance in *Hansard*. I hope the minister can give it.

My questions are not many and I will put them all at once. I should like to ask the minister if a start has yet been made on the road from the trans-Canada highway to link with the provincial road to Terra Nova station. As the minister knows, Terra Nova station is the nearest place on the railway to the park headquarters, and it would be of course—I think the minister knows this too—a great advantage for the administration of the park to have access to this settlement and the people in the settlement would like very much to be able to get out by road.

As the minister pointed out in his letter to the minister of mines and resources of Newfoundland, once this road is built it will open up the way to certain timbered areas outside which, as the minister pointed out, have more merchantable timber on them than the areas in the park and might ease the problem in the administration of the park itself. I am not going to take the minister's time this evening—

Mr. Broome: Good, good.

Mr. Pickersgill: I would suggest that if the exuberant hon. member for Vancouver South would show equal consideration for the minister the minister would get his estimates through a little bit faster. I am not going to take the minister's time to traverse the ground which was traversed in questions and notices on the order paper about employment policies in Terra Nova national park. I was sorry to hear, as most of my constituents who live in that area were, that the minister felt it necessary to seek the advice of a gentleman who came to live in that community after the national park was established as to the qualifications of people who had lived there all their lives. I hope the minister has abandoned this policy and that he is leaving it to his very competent official on the parks staff to engage people for work there. If he does that I am sure everyone in the community will be quite well satisfied.

I would like, however, since this does not appear to be the only case where there are some peculiar employment policies, to ask the minister if since yesterday he finds himself in a position to answer the starred question which has already been on the order paper for some time about certain employees in the national park at Cape Breton and if, at the same time, he would tell us whether or not the other three gentlemen who were referred to in the question that was answered did receive notice that their services were being dispensed with, and whether that notice was subsequently withdrawn. Would the

minister also tell us whether or not he himself received representations from those persons and whether a certain Mrs. Woodman of Jasper, Alberta, was employed on a part-time basis in the Jasper national park, and if her services were subsequently dispensed with? If so, why? Who succeeded her and what peculiar qualifications did that person have which Mrs. Woodman did not have?

Mr. Hamilton (Qu'Appelle): I am very pleased to have the remarks of the hon. member for Bonavista-Twillingate about the employment policies in Terra Nova. I would like to answer him in this way: It is the policy of the parks department to give, wherever possible, preference to people living near the park, and the hon. member knows that that is the policy we have followed.

As to the second question about the start on the road from the park to the railway—

Mr. Pickersgill: Perhaps the minister would not mind my interrupting him. He does intend to carry out the policy of giving special preference to those people who made their living previously by cutting in the park, as he told Mr. Keough he would?

Mr. Hamilton (Qu'Appelle): Yes. I believe that was satisfactorily stated this afternoon.

Mr. Pickersgill: Yes.

Mr. Hamilton (Qu'Appelle): On the question of the start of the road, this road was started about a week ago.

The third question was with respect to the starred question which I have not answered, but which was placed on the order paper. The information I requested came to me in an unsatisfactory fashion and I asked my department to write back for more details because I wanted to give the house a complete report on the employment practice in this park. I think the house will be happy to know that the fundamental principle we follow there is with respect to the need of the people and that the record of employment in the Cape Breton park, particularly during the winter unemployment works program last year, would bring credit to any government. The answer to the question I asked has not come to me as yet, but as soon as I receive the information I will place it before the house.

With respect to the second starred question, I am informed that the parks department have no information about these people having received notice. They have been employed continuously and I am assured by the head of the parks department who is now before me that we have no information on their having received notice to leave.

Mr. Pickersgill: Did the minister receive any communication himself from any of these persons?

Mr. Hamilton (Qu'Appelle): Personally, no.

Mr. Pickersgill: Personally or in any other way?

Mr. Hamilton (Qu'Appelle): My officials have no information on any such intimation.

The fifth question was with regard to Mrs. Woodman in Jasper, and this is a case where a motion to produce was met and I believe the paper has been tabled.

Mr. Pickersgill: I do not think it came to our notice.

Mr. Hamilton (Qu'Appelle): It may not be, of course—

Mr. Pickersgill: It was not in my name; I believe it was in the name of the hon. member for Ottawa West.

Mr. Hamilton (Qu'Appelle): I am now informed that information has come to my office in the last couple of days but I have not seen it as yet, or I have not signed it.

Mr. Pickersgill: Perhaps the minister could tell us about Mrs. Woodman.

Mr. Hamilton (Qu'Appelle): Yes, I have the facts. These are the general circumstances. This lady was employed in the information office last year. After she left the office she entered into some activity in support of one of the candidates in the area, and when it came time to employ people this year she was told she would not be needed. There was no recommendation by the member for the constituency in question about who should be hired in her place. The parks superintendent does that entirely on his own. When the hon. member gets the letter, which will be tabled, he will see the lady's own admission that she did take part in such activity. She is complaining that because she only took part in political activities in between work periods she should not be classified as an active political worker.

Mr. Pickersgill: Does the minister suggest that the lady was not dismissed? Am I correct in that understanding?

Mr. Hamilton (Qu'Appelle): She was a seasonal employee and she just was not hired again this year.

Mr. Pickersgill: Exactly. In other words, this lady was not employed at the time she took part in these political activities?

Mr. Hamilton (Qu'Appelle): That is right—

Mr. Pickersgill: In other words, the minister is saying that a civil servant of Canada—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —who, while not employed by the Canadian government, has taken part in political activities in support of a candidate is ipso facto unemployable by his department? Is that what he is saying?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, civil servants very properly do not take part in political activities and, as you know, they should not do so. A person who works for the government in a seasonal capacity, as did this lady, as a civil servant during periods of employment—

Some hon. Members: She was not employed.

Mr. Chevrier: Not by any stretch of the imagination.

Mr. Hamilton (Qu'Appelle): She engaged in these activities when she was no longer employed by the government, but to assume in the summertime that you are a civil servant and you do not take part in politics but that in the wintertime you go to work in the political field is, I think, stretching it a bit too far. I think the house should be made aware that this is a park which has a tremendous staff and that this is the only change that was made. If memories were allowed to go back to 1935, I do not think the hon. member would be complaining as to this.

Mr. Pickersgill: My active participation in politics, of course, does not go back to 1935, but I think—

An hon. Member: What about the ones Jimmy Gardiner fired?

Mr. Pickersgill: The hon. member can make his speech in his own time, but in my experience I, of course, have had nothing to do with anything of this kind because the situation has simply never arisen. It does seem to me that the minister is enunciating a rather dangerous principle, however, when he says that someone who in his own time takes part in politics, when he is not employed by the government—as the minister has said was the case with this lady—is for that reason and for that reason only considered to be incapacitated from receiving an appointment. I should like to ask the minister if he made the same detailed inquiries about the political activities of the person who succeeded this lady, and if he can stand up and give us a positive assurance that the person who succeeded her took no part in support of any of the candidates—

Mr. Hamilton (Qu'Appelle): I can answer that question very easily by saying we make no detailed investigation with regard to a person's politics in that way. I do not know that anyone in my department knew who this lady was. There was no recommendation made by the local member.

Mr. Pickersgill: The minister has said—and I am glad to hear it—that he makes no sort of inquiry about the political activities of the people employed in his department. But how, then, did he learn about the activities of Mrs. Woodman, and how did that have any effect in this one case, when the minister says they do not make any inquiries?

Mr. Hamilton (Qu'Appelle): My information on Mrs. Woodman came from the Liberal candidate in the constituency.

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): They made it quite clear to me that they thought it was quite within the rules for a civil servant who was employed for five or six years to take time off in between and try to defeat the government which hired her. We do not discourage people from taking part in politics. We encourage them. But members of the civil service must take a proper attitude toward partisan politics, even if they are only hired for seven months a year.

Mr. Pickersgill: I want to pursue this a little further—

Some hon. Members: Oh.

Mr. Pickersgill: I know this is not very pleasant for hon. gentlemen opposite, but we used to hear a lot of very eloquent talk from this side of the house in times past about civil rights and about the rights of Canadian citizens, particularly from one very eminent gentleman who now occupies another position and who is promising to bring a bill of rights into this country. It does seem to me very strange that the followers of this eminent gentleman seem to have so little interest in a subject which he claimed over and over again was his prime concern.

However, there are some of us who are liberals on both sides, and it seems to me that the minister has been confusing two things. If this lady was a civil servant—which the minister said earlier she was not—and engaged in political activities then, of course, under the Civil Service Act she should be dismissed. Everybody recognizes that. But she was not a civil servant. She was a seasonal employee, as the minister says. She was not working at all at the time of the election, and somebody told the department. The minister has said, with his hand on his heart, that he never makes any inquiry into the political affiliations of these people and that this lady had worked for one of the candidates. That was considered in this case

to be good and sufficient reason not to give her the kind of employment by means of which she had made her living in the summer months for several years to the satisfaction of everyone, as far as I can understand. And it occurs to me to wonder who it was who first brought this information to the attention of the minister. The minister says it was the Liberal candidate, and under the rules I have to accept his word, but I will admit he is straining our credulity when he states that the Liberal candidate gave this information to him. Did the Liberal candidate say this lady was working to support the hon. gentleman who now sits for this constituency, or was she said to have supported the C.C.F. candidate? What did he say about it? How did the Liberal candidate come to bring this information to the minister? Perhaps he will tell us that.

Mr. Chevrier: Perhaps I might ask one question in order to elucidate this matter. There have been a number of variations reported to this house concerning the practice regarding dismissals in certain departments and what the minister has said does indicate a departure from what has been said by other ministers. The question I should like to ask is this: what is the policy followed in the department of northern affairs when there is a matter of political activity on which a report has been made. How is a person dismissed? Is it (a) by affidavit, or (b) by certificate of a member of parliament? On what basis or authority is this done?

Mr. Hamilton (Qu'Appelle): This lady was not dismissed. As I said before, she was not rehired. I am not quibbling over the phrase; I am simply saying that is the position. The Liberal candidate wrote me a letter and I answered it, and he wrote me another, and I think this correspondence is being tabled.

Mr. Chevrier: May I pursue this a bit further? I was not dealing with the case which my hon. friend has brought up. I was dealing with the policy, if there is one, which is followed in the department. What policy is followed by the minister in cases such as this, and how is a person dismissed? Is it done by affidavit? Or is it done by a certificate of a member of parliament?

Mr. Hamilton (Qu'Appelle): I do not mind trying to answer the hon. gentleman, but I think this is a matter of the general policy of the government. I suggest the question might be directed to the leader of the house.

Mr. Pearson: Perhaps we could put it this way. The minister has said, I think, that if an employee of this particular branch of his department, hired on a casual basis, not a civil servant, having been hired year after year for two or three months a year; if such an employee, in between times, as a Canadian citizen, not as an employee of the government, should take any part in political activity, he or she will not be hired again.

Mr. Hamilton (Qu'Appelle): I do not think you can lay down a general rule like that. There was an election, as hon. members know, in between the lay-off for the winter and this lady took a very active part, and I imagine that the superintendent would think it the better part of discretion not to ask her to come back again, and that is what he did.

Mr. Chevrier: Is there a distinction made between a civil servant and one who is not a civil servant, because I think the minister is under a misapprehension. This person was a seasonal worker, a public servant, entitled, it is true, to the benefits of the Civil Service Act, but there is a distinction. In the first case the provisions of the Civil Service Act apply but in the next case, which is the case of the person whom the hon. member for Bonavista-Twillingate has been discussing, she is a member of the outside or public service, and I am wondering if there is a distinction made in the department between these two.

Mr. Hamilton (Qu'Appelle): I do not think so far as I know. All I know is that this woman was laid off; she had no right to re-employment. You either hire a person or you do not. She was not hired.

Mr. Pickersgill: I should like to ask a further question. Is it true or not that this lady was accepted for summer employment in the information bureau and that she was subsequently given notification cancelling the first notice?

Mr. Hamilton (Qu'Appelle): I am informed that that is correct.

Mr. Pickersgill: In other words, what the minister is saying now is that this lady was given her job back, she was told to report for work, and then she was fired. Now that hardly accords with what the minister told us earlier, namely that she was not given her work back. It would appear that something happened to this lady between that first notice and that second notice. It seems to me we ought to be told what it was and where this information came from. It is one thing for the minister to say, "Oh, we did not hire her at all" but he has now told us that she was told to report to work and then that notice was cancelled. In other words you would have to consider that she was fired.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I hope this is the last word. In January she received a general notice to the effect that she would be reporting back. After January there was an election. She took part in the election. She was not asked to report and she did not report.

Mr. Pickersgill: How did the minister find out she took part in the election?

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, this is very important. An allegation has been made here.

Some hon. Members: Sit down. Question.

The Deputy Chairman: Order. The hon. member for Bonavista-Twillingate has the floor and I am sure we would all like to hear what he has to say.

Mr. Pickersgill: Mr. Chairman, I repeat that the minister has said this lady was told to report back to work and subsequently she was told that they did not want her. In other words, she was fired. The minister says she was fired for political activity. Surely it was not just something the minister dreamed up. He surely does not seriously expect us to believe that the Liberal candidate told him about it. How did the department learn that this lady had engaged in political activity? Who was the informer? Who laid the charges against her? What inquiry was carried out to find out if the charges were true?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, in the letter which will be tabled will be found the frank admission of the Liberal candidate that she worked as a returning officer and that he did not know that if a civil servant took part in political activities it would mean that person could be fired. If the hon. member for Bonavista-Twillingate waits until he sees the letter he will find the candid admission of the woman herself and of the Liberal candidate that she engaged in political activity. In a small town like Jasper you do not keep things like that quiet.

Mr. Pickersgill: It may well be that in a small town like Jasper you do not keep those things quiet and we are not keeping this thing quiet either. I know that the minister received a letter and I will not pretend that I do not know what he received from the Liberal candidate because I am perfectly aware of what the Liberal candidate said. I am also very well aware of the fact that the Liberal candidate did not write to the minister until after this woman had been fired so it was not any information he received from the Liberal candidate that caused her to be fired. It was on the basis of information that came from somebody else that she was fired. Before we vote money for the minister to fire people and hire other people it seems to me we are entitled to be told what this is all about.

Mr. Cardiff: Who do you think you are?

Mr. Pickersgill: That is what an opposition exists for, after all, although I doubt if the hon. member would understand that. Before we vote money for the minister to fire people and hire others the minister should tell us on what ground he fired this individual. Was it mere caprice? On what ground was she fired?

Mr. Ricard: She was not fired. She was not asked to return to work.

Mr. Pickersgill: Yes, she was fired. The minister has admitted that the first notice was cancelled and the woman was not asked to report back to work. We should be informed where the department got its information and what investigation it carried out in order to ascertain the facts before this woman's livelihood for the summer was taken away from her. At least the Minister of Agriculture the other day when we were discussing an employee of his department who had been dismissed admitted that he had conducted a secret investigation without telling the employee what the charges against him were but the Minister of Northern Affairs and National Resources has told us nothing except that it was common knowledge in Jasper that this woman had engaged in political activity.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I repeat that I did not say she was fired. I said she was not asked to come back.

Mr. Chevrier: May I ask another question, Mr. Chairman. Can we assume from the discussion that has taken place thus far that there is no objection to a Canadian citizen hired by the government for casual or seasonal work, as this person was, exercising the ordinary political activities of a Canadian citizen when not in the employ of the government?

Some hon. Members: Order. Carried.

Mr. Pearson: That is a very good question.

Mr. Pickersgill: Mr. Chairman, I am not at all satisfied—

The Deputy Chairman: Order. The Chair recognizes the hon. member for Trinity-Conception. The hon. member for Bonavista-Twillingate may speak again.

Mr. Chevrier: Mr. Chairman, could I get a reply to my question?

The Deputy Chairman: The Chair cannot force any minister to make a reply. The hon. member may direct that question to the minister.

Mr. Chevrier: Would the minister reply to my question?

Mr. Drysdale: Hypothetical question.

Mr. Chevrier: It is not a hypothetical question.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, that is the same question I replied to a moment ago.

Mr. Pearson: No, it is exactly the reverse.

The Deputy Chairman: The hon. member for Trinity-Conception.

Mr. Tucker: Mr. Chairman, in 1610 John Guy a merchant from Bristol started a colony at Cupids Conception bay, Newfoundland and his example was soon followed by many other Englishmen, and in a few years many colonies had been established along the shores of Conception bay.

The only reminder of these days were a flagpole placed on the rock where John Guy was supposed to have erected the standard of King James I and a bronze plate which commemorated his landing until a few years ago when I believe the historical sites committee and a group of public-minded citizens erected a monument.

During the month of March this year certain business brought me to Cupids and while there I talked with a group of men who were working around the grounds where the monument stands. They expressed grave concern about the surroundings and asked me if I would try and assist in obtaining financial assistance. And so, Mr. Chairman, I hope the opportunity has arrived, and I now ask the Minister of Northern Affairs and National Resources if he will give sympathetic consideration to my request on behalf of the residents of Cupids.

Mr. Nixon: Mr. Chairman, may I ask the minister if he would have another look at an old landmark in Sault Ste. Marie known as the old stone house which is, I believe, an historic site. It was constructed in 1814 and I understand it is possibly the oldest house now standing north of Toronto. I would urge the minister to have another look at this building with a view to preserving it as a national historic site.

Mr. Fisher: Mr. Chairman, before this vote carries I wanted to ask whether or not the house leader is going to answer the question referred to him by the Minister of Northern Affairs and National Resources?

The Deputy Chairman: Shall vote 269 carry?

Mr. Pickersgill: No, Mr. Chairman. Since the minister has invited the house leader to tell us what the policy is and in view of the fact the hon. member for Port Arthur has renewed that invitation I feel the house leader should let us know if he accepts it. We would all like to know what is the policy of the government in this regard.

An hon. Member: Wait until the next election.

Mr. Green: Mr. Chairman, my estimates are not under consideration and it would be highly inappropriate for me to interfere with the estimates of another department.

Mr. Pickersgill: Mr. Chairman, I was sure the Minister of Public Works would take the very sensible attitude he has taken and therefore I will return to the Minister of Northern Affairs and National Resources and ask him if he will take the committee into his confidence and tell us what charge was made against this lady, precisely what the nature of her activities was, by whom the charge was made and by whom investigated. Would he also at the same time tell us what he meant by saying this lady was a returning officer. I am sure he must have meant a deputy returning officer because my understanding of a returning officer is that he is an officer of the crown and I would have thought most of them were probably appointed by the hon. gentleman's friends last March. But in any case I am quite confused by the minister's reference.

The Deputy Chairman: Shall vote 269 carry?

Mr. Pickersgill: Mr. Chairman, surely we are going to have an answer from the minister.

The Deputy Chairman: Shall vote 269 carry?

Item agreed to.

271. Construction or acquisition of buildings, works, land and equipment, $14,399,925.

Mr. Morris: I should like to ask the minister a question concerning the Halifax Citadel. We are aware that a great deal of additional work has been done at the Halifax Citadel. It is a national historic site. Can the minister now comment on the intentions at the Halifax Citadel, particularly with respect to the moneys to be used at this site. Can he comment also on employment at the Halifax Citadel?

Mr. Hamilton (Qu'Appelle): The information I have for the hon. member is that the original appropriation for the Halifax Citadel

was $120,000. This was raised to $152,000, and again to $183,500 by transfer of certain allotments. Earlier in the session I made a statement in answer to the hon. member, which will be found in *Hansard*, that we were delaying the laying off of men at the Halifax Citadel and would keep them employed as long as the money would last. I am now informed that the money is about used up and by the end of this month we shall have to lay off the men who would ordinarily have been laid off before, plus the others who have now to be laid off because of the shortage of money.

Mr. Morris: Is it the intention to resume the work in the winter months, at least to the same extent as in previous winters? Is this a temporary re-arrangement of the labour force at the Halifax citadel, which we all understand because of the allotment that has been spent there? Is it the intention to resume an extensive program again in the winter?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, as I have said, the funds for this year are almost all used up, and if there is a winter work policy decided on which will include the Halifax Citadel, it will be announced in due course because it is a matter of government policy.

Item agreed to.

Water Resources Branch—

276. Administration, operation and maintenance, including grant of $350 to the International Executive Council, World Power Conference and a grant of $35,000 to the Canadian National Committee of the World Power Conference to assist in defraying the cost of the conference's sectional meeting to be held in Canada in 1958, $1,257,459.

Mr. Chevrier: May I ask the minister a question? I understand that this is the division that has to do with water resources. Will the minister tell the committee how many international boards his department has representations on. While this is being looked up I will tell the minister what I have in mind. There is under the order of approval made by the international joint commission, having to do with the development of water resources in the international section of the St. Lawrence river, an international lake level control board. I was just wondering what the status of the plans for the work was at the present time, how it was proceeding and what success there has been with the plan known as 12-A-9?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I am informed that our department has representation on 23 boards. In regard to the plan that the hon. member is referring to, plan 19-58-A was adopted by the international joint commission a month ago.

[Mr. Hamilton (Qu'Appelle).]

Mr. Chevrier: It is 12-A-9.

Mr. Hamilton (Qu'Appelle): Just a minute. This is a replacement for 12-A-1 and several others. My staff suggests that the figure the hon. member used of 12-A-9 should be 12-9-1.

Mr. Chevrier: That is right, 12-A-9.

Mr. Hamilton (Qu'Appelle): It was replaced by 19-58-A a month ago.

Mr. Chevrier: What I was trying to find out was what is the status of the board upon which the minister's department has representation, and very able representation, I am happy to say. What is the status of the board and what is the status, particularly, of the plan as amended by the statement just made by the minister?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the board is now awaiting turnover from the joint board of engineers who are in charge of construction. That is the present status.

Mr. Chevrier: I am afraid there is some misunderstanding. Perhaps I can clear it up. There are two boards under this division in which the minister's department is interested. One is the international board of control which has jurisdiction after the works in the international section have been completed. I think there is a report in the minister's department on that board. I was not inquiring, for the moment at least, as to that, but I was inquiring about the matter that had to do with levels on lake Ontario. I think it was in 1951 that there was a great deal of complaint because of the fact that the water rose to extraordinary heights and caused serious damage. The international joint commission was charged with the responsibility of inquiring into the question and recommended a subcommittee of this board to deal with it and again the minister's department was represented on that international board. It is that international board which brought in the plan that was referred to earlier, namely 12-A-9, which has since been amended. What I am interested in now is, what is the position of the plan? Is it working in accordance with the recommendation made by the amended order of the international joint commission?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, apparently what the hon. member is referring to is the lake Ontario reference. The board has reported on the levels between which the lake can operate and this report has gone before the international joint commission and has been accepted, and the two governments have accepted the recommendation of the commission. There is some matter still in doubt relating to the Gut dam.

Mr. Chevrier: What is the date of the report?

The Deputy Chairman: Shall vote 276 carry?

Mr. Chevrier: No.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what the business is for tomorrow?

Mr. Green: Tomorrow we shall continue with the estimates of the Department of Northern Affairs and National Resources; then take the estimates of the Department of Labour and the Department of Transport.

Mr. Pickersgill: Not fisheries?

Mr. Chevrier: No, transport. Can the minister say what we will do on Saturday and Monday?

Mr. Green: The other estimates which might be called on Saturday would be those of the Department of Mines and Technical Surveys, also health and welfare, and citizenship and immigration. On Monday, we intend to take legislation and that would be so also on Tuesday. On Monday, I expect to start with the first three items on today's order paper, which are under the Minister of Veterans Affairs. Then I think we would go on with the various resolutions preceding bills. I cannot say definitely in what order they would be called.

Mr. Chevrier: Definitely, we will not be taking the dumping legislation on Monday or Tuesday?

Mr. Green: No, not on Monday.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

57071-3—226

Questions

ANSWERS TO QUESTIONS

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

U.S. OIL IMPORT QUOTAS

Question No. 24—**Mr. Martin (Essex East):**

1. Have representations been made by any provincial government, corporation or individual asking the federal goverment to make further representations to the President of the United States for the removal of import quotas on Canadian crude oil?

2. If so, has the government made such further representations, and of what nature?

3. Will the royal commission on energy resources make an interim report dealing with this situation?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1. Yes. The premier of the province of Alberta and a number of organizations and individuals have made representations to the government of Canada to secure the exemption of Canadian crude oil from the application of the voluntary import control program. Reference has also been made to this matter in submissions to the royal commission on energy.

2. The government lodged formal representations with the state department on January 15, 1958 against the general principle of the application of such controls to Canadian crude oil moving into the west coast area of the United States. Similar representations were made on June 23, 1958 at a time when it was understood that consideration was being given to the imposition of further restrictions on oil imports moving into that area. Moreover the Canadian authorities have been in close and continuing touch with the competent United States authorities in this matter, including the time when the import controls applicable to the regions east of the Rocky mountains were reinforced on March 27. In these and other ways the views of the Canadian interests have been kept before the government of the United States.

3. An interim report will be made but will not deal particularly with this situation.

FEDERAL DISTRICT COMMISSION—LAND AND BUILDING ACQUISITIONS

Question No. 167—**Mr. Fisher:**

1. From the first day of March, 1956 to the thirtieth day of June, 1958, were any lands or buildings acquired by the federal district commission in (a) the city of Ottawa; (b) the county of Carleton; (c) the county of Russell; (d) the city of Hull; (e) the county of Hull; (f) the county of Gatineau?

2. If so, (a) from whom; (b) on what date; (c) what is the legal description and total acreage of the property in each case; (d) what was the total price paid to the vendor or any other persons in respect to the acquisition of each such property; (e) for what purpose, either present or future was each such property acquired, and to what use is each presently being put?

3. At the present time, has the federal district commission any agreements of sale or options for the acquisition of other property, or has it commenced expropriation proceedings for the acquisition of other property in any of the aforesaid cities or counties?

4. If so, (a) what is the legal description and total acreage of each such property; (b) from whom is each such property to be acquired; (c) what is the total price payable to the vendor or any other person under any such agreement of sale or option in respect of the acquisition of each such property; (d) what is the total price which has been offered to the owner of any such property in respect of which expropriation proceedings may have been commenced; (e) for what purpose, either present or future, is each such property to be acquired, and to what use will such property be put?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

57071-3—226½

	Name of Former Owner or Vendor	Date of Expropriation or Purchase	Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
			CITY OF OTTAWA				
(0-300)	Thos. Saunders...	Feb. 8, 1956	Lots 86-87, 100 x 100, Plan 215, Nepean.....	0.22	$12,500	To be developed as a parkway on the south bank of the Ottawa river.....	Vacant land Building demolished
(0-328)	Sarah Pennock....	July 22, 1957	Lots 62-63, 100 x 100, Plan 278, Nepean.....	0.22	5,375	" "	Vacant land Building demolished
(0-329)	Maude Madigan...	Jan. 7, 1957	Lot 78, 40 x 100, Plan 278, Nepean	0.09	7,000	" "	Vacant land Building demolished
(0-330)	Mrs. Mary Grant..	Sept. 7, 1956	Lot 79 and part Block B, 60 x 100, Plan 278, Nepean.....	0.16	11,500	" "	Vacant land Building demolished
(0-333)	C. C. Brown.....	Apr. 18, 1956	S. E. Part Block B, Plan 278, Nepean.....	0.15	12,800	" "	Building demolished
(0-336)	M. R. Goldberg...	Oct. 23, 1957	Lot 77, Plan 278, Nepean.....	0.14	7,000	" "	Leased at market rental
(0-337)	E. F. Girling.....	Mar. 6, 1956	Lot 61, Plan 278, Nepean.....	0.14	12,000	" "	Leased to former owner
(0-340)	C. N. Nobert.....	Oct. 5, 1956	Lots 74 and 75, Plan 278, Nepean..	0.18	8,500	" "	Leased at market rental
(0-342)	J. N. Marchinton..	July 12, 1956	Lot 73, Plan 278, Nepean.....	0.14	12,000	" "	Leased at market rental
(0-343)	M. Montreuil.....	Mar. 8, 1957	Lot 72, Plan 278, Nepean.....	0.09	6,500	" "	Vacant land Building demolished
(0-344)	C. Leesti.....	July 12, 1956	Lot 70—all 71, Plan 278, Nepean..	0.15	15,500	" "	Vacant land Building demolished
(0-352)	N. M. Casey.....	Mar. 8, 1957	Lot 83, Plan 278, Nepean.....	0.09	5,000	" "	Vacant land Building demolished
(0-356)	L. N. Rainville...	Oct. 5, 1956	Lot 87, Plan 278, Nepean.....	0.09	4,050	" "	Vacant land Building demolished
(0-359)	G. Cashman.....	May 23, 1956	Lot 90, Plan 278, Nepean.....	0.14	8,750	" "	Vacant land Building demolished
(0-361)	M. Betcherman...	Mar. 6, 1957	Lot 92, Plan 278, Nepean.....	0.13	9,750	" "	Vacant land Building demolished
(0-363)	J. A. Vachon.....	Mar. 8, 1957	Lot 94, Plan 278, Nepean.....	0.13	6,200	" "	Vacant land Building demolished
(0-365)	G. A. Morris.....	Mar. 8, 1957	Lot 105, Plan 278, Nepean.....	0.09	9,500	" "	Vacant land Building demolished
(0-370)	G. E. Donaldson..	Mar. 8, 1957	Lot 100, Plan 278, Nepean.....	0.09	9,000	" "	Vacant land Building demolished
(0-371)	H. Tighe.....	Mar. 8, 1957	Lot 99, Plan 278, Nepean.....	0.09	4,000	" "	Vacant land Building demolished
(0-372)	P. A. Dulude.....	Dec. 7, 1956	Lot 98, Plan 278, Nepean.....	0.09	4,250	" "	Building demolished Vacant land Building demolished

PROPERTY ACQUISITIONS—MARCH 1, 1956—JUNE 30, 1958—*Continued*

	Name of Former Owner or Vendor	Date of Expropriation or Purchase	Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
			CITY OF OTTAWA—*Cont.*				
(0-374)	H. Waito.....	June 12, 1957	Lots 161-162, Plan 278, Nepean...	0.18	$4,000	To be developed as a parkway on the south bank of the Ottawa river	Vacant land Building demolished
(0-377)	W. G. Griffin.....	June 18, 1957	Lot 150, Plan 278, Nepean.....	0.09	3,900	" "	Leased at market rental
(0-378)	T. G. Jackson.....	Dec. 30, 1957	Lots 151-152, Plan 278, Nepean...	0.18	4,800	" "	Vacant land Building demolished
(0-380)	D. G. Selley.....	Mar. 8, 1957	Lot 155, Plan 278, Nepean.....	0.12	4,000	" "	Leased at market rental
(0-383)	L. Dworkin.....	Aug. 6, 1957	Lot 123.....	0.08	9,500	" "	Leased at market rental
(0-388)	L. Saslove.....	Dec. 7, 1956	W½ Lot 167.....	0.05	1,325	" "	Vacant land Building demolished
(0-389)	J. Taller.....	Jan. 7, 1957	Lot 108.....	0.05	7,500	" "	Leased to former owner
(0-390)	M. Montreuil.....	Nov. 9, 1956	Lot 109.....	0.08	6,900	" "	Vacant land Building demolished
(0-393)	H. M. Lansdowne.	July 2, 1957	Lot 113, 278 Nepean.....	0.09	12,690	" "	Leased at market rental
(0-394)	T. S. Cole.....	Aug. 6, 1957	Lot 114, Plan 278, Nepean.....	0.09	6,750	" "	Leased to former owner
(0-397)	R. F. Daley.....	Aug. 30, 1956	Lot 117, Plan 278, Nepean.....	0.09	12,000	" "	Vacant land Building demolished
(0-401)	B. Feller.....	Oct. 4, 1956	Lot 122, Plan 278, Nepean.....	0.09	8,000	" "	Vacant land Building demolished
(O-403)	E. M. Barrett....	Nov. 23, 1956	Lot 126 and part 125, Plan 278, Nepean	0.14	10,000	" "	Leased to former owner
(O-405)	M. Alexander.....	July 31, 1957	Lot 128, Plan 278, Nepean.....	0.08	7,700	" "	Vacant land Building demolished
(O-406A)	J. C. Tunstall.....	July 2, 1957	Lots 130 and 129, Plan 278, Nepean	0.18	5,000	" "	Vacant land Building demolished
(O-420)	T. Stewart.....	June 21, 1957	Lot 145.....	0.14	7,000	" "	Vacant land Building demolished
(EP-124)	P. Glen	Sept. 17, 1956	Pt. Lot 12, Plan 303.....	0.21	2,000	Development of Queensway	Vacant land
(EP-124A)	K. Bennett.....	Sept. 17, 1956	Pt. Lot 12, Plan 303.....	0.21	2,600	" "	Vacant land
(EP-158)	R. Lemieux.....	Apr. 8, 1957	Pt. W½ Township, Lot 1.....	0.169	10,000	" "	Vacant land
(EP-198A)	R. McLelland.....	Feb. 20, 1958	S. 2 ft. of N. 20 ft., Lot 39, Plan 92½	0.01	100	" "	Vacant land
(EP-263)	H. & W. Schultz..	Sept. 24, 1957	Lots 13-14-15-16-17-18-19, R.P. 320, Gloucester	0.37	28,000	" "	Vacant land Building demolished
(EP-264)	E. Neilson	Sept. 26, 1957	Lots 250-251-252, R.P. 320, Gloucester	0.15	12,750	" "	Vacant land Building demolished
(EP-265)	W. Dorschel.....	Sept. 26, 1957	Lots 253-254-255-256-257, R.P. 320, Gloucester	0.26	10,600	" "	Vacant land Building demolished
(EP-266)	J. P. Neilson.....	Sept. 24, 1957	Lots 281-282-283, R.P. 320, Gloucester	0.15	2,300	" "	Vacant land
(EP-267)	T. A. Wilmott....	July 24, 1957	Lots 20-21, R.P. 320, Gloucester.	.1	4,200	" "	Vacant land Building demolished

(EP-268)	O. Villeneuve.....	Sept. 30, 1957	Lots 22-23-24, R.P. 320, Gloucester	.15	10,000	" "	Vacant land Building demolished
(EP-269)	S. Tzuniak.....	Sept. 24, 1957	Lots 25-26, R.P. 320, Gloucester..	0.11	7,000	" "	Vacant land Building demolished
(EP-270)	C.N.R.....	Mar. 1958	S/W side Mann Ave & Hurdman's Road Pt. Lot F, Concession D, R.F. Nepean and pt. Lot 1, City of Ottawa Plan 27	6.67	99,000	" "	Vacant land Building demolished
(EP-271)	W. J. Irvine.....	Aug. 22, 1957	Lot 1605, City of Ottawa Plan 157	0.11	15,900	" "	Leased at market rental
(EP-375)	F. M. Halkett....	Sept. 6, 1957	Lot 1401, City of Ottawa Plan 157.	0.07	15,500	" "	Leased at market rental
(EP-376)	J. May.....	Dec. 11, 1957	Lot 1580, R.P. 157, City of Ottawa	0.09	14,000	" "	Leased at market rental
(EP-450)	S. F. Conn.....	Nov. 22, 1957	Pt. Lot 38, R.P. 92½, City of Ottawa	0.10	17,150	" "	Leased at market rental
(EP-451)	E. S. Vick.....	Oct. 10, 1957	Pt. N½ 38, 57' Lot 37.....	0,10	17,000	" "	Leased at market rental
(EP-462)	F. Brown.....	Jan. 1, 1958	Lot 76, Plan 98608.....	0.10	12,000	" "	Leased at market rental
(EP-463	S. Brunet.....	Mar. 27, 1958	E. 33', Lot 7 Plan 32 City of Ottawa	0.04	3,000	" "	Vacant land Building demolished
(E-117)	O. Regimbald....	Jan. 3, 1957	Pt. Lot 23, J. G., Gloucester.....	14.21	27,000	Development of eastern parkway	Vacant land
(E-124)	O. Pelletier.....	Mar. 21, 1956	All Lot A and N. 65' Lot B, R.P. 329, Gloucester	2.8	15,800	" "	Vacant land Building demolished
(E-132)	Geo. Lyon.....	Dec. 23, 1957	Pt. Lot 1, Con. 3.R.F.Gloucester.	24.68	69,175	Development of southern entrance	Vacant land
(E-141)	Independent Coal & Lumber Co.	June 13, 1956	Pt. Lot 26 C-2, O.F., Gloucester.	1.3	2,730	" "	Vacant land
(E-153)	J. Larabie.....	Nov. 28, 1957	Pt. Lot G, R.P. 329, Gloucester..	.10	3,000	" "	Vacant land Building demolished
(E-154)	D. Tylyhuz.....	Dec. 11, 1957	Pt. Lot G. R.P. 329, Gloucester..	.07	4,250	" "	Vacant land Building demolished
(E-155)	F. Clement.....	Mar. 3, 1958	Pt. Lot G, R.P. 329, Gloucester..	.07	540	" "	Vacant land
(E-156)	J. Boisvert.....	Jan. 27, 1958	Pt. Lot G, R. P. 329, Gloucester..	0.14	9,000	" "	Vacant land Building demolished
(E-157)	L. J. Boisvert....	May 7, 1958	Pt. Lot G, R. P. 329, Gloucester.	0.10	1,000	" "	Vacant land Building demolished
(E-160)	M. Krivonas.....	Jan. 22, 1957	Pt. Sub-lot 11 in Lot 22, J. G., R.P. 31, Gloucester	0.06	2,000	" "	Vacant land Building demolished
(E-162)	M. Lascelles.....	Jan. 21, 1958	W. 187' of Lots J & K, R.P. 329, Gloucester	0.87	10,000	" "	Vacant land Building demolished
(E-164-5)	P. Vona.....	Dec. 27, 1957	Pt. Sub-Lot 7 in Lot 22, J. G., R.P. 31, Gloucester	0.21	5,200	" "	Vacant land Building demolished
(E-167)	O. H. MacCartney	Nov. 22, 1957	Pt. Lot 23, J. G., Gloucester.....	0.50	11,500	" "	Vacant land Building demolished
(E-168)	H. R. Clark.....	Feb. 7, 1958	Pt. 23, J. G., Gloucester.....	0.25	11,200	" "	Vacant land Building demolished
(E-140)	J. W. Boles.....	Mar. 22, 1956	Pt. Lot 26, C-2, O.F., Gloucester.	3.00	5,500	" "	Vacant land
(E-149)	J. A. Boucher..... M. Charnysh.....	Dec. 6, 1957	Pt. Lot "F", R.P.329, Gloucester.	0.17	4,180	" "	Vacant land Building demolished
(E-150)	A. Charnysh.....	Dec. 6, 1957	Pt. Lot "F", R.P. 329, Gloucester	0.12	900	" "	Vacant land
(E-151)	N. Bartlow.....	Dec. 11, 1957	Pt. Lot "F", R.P. 329, Gloucester	0.25	7,500	" "	Leased to former owner
(E-159)	M. Haryk.....	Jan. 22, 1958	Pt. Sub-lot 11 in Lot 22, J.G., Gloucester R.P.31	0.12	2,990	" "	Vacant land Building demolished
(E-166)	John Kelso.....	Dec. 6, 1956	Pt. Lot 23, J.G., Gloucester.....	2.00	20,000	" "	Vacant land Building demolished

PROPERTY ACQUISITIONS—MARCH 1, 1956—JUNE 30, 1958—*Continued*

Name of Former Owner or Vendor	Date of Expropriation or Purchase	Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
		CITY OF OTTAWA—*Concl.*				
(E–169) M. A. P. Clark...	Nov. 22, 1957	Pt. Lot 23, J.G., Gloucester.....	2.5	$21,000	Development of southern entrance.	Vacant land
(E–170) Lyon Dev. Corp..	Mar. 19, 1957	Pt. Lot A, C-3, R.F., Gloucester..	6.9	19,325	" "	Building demolished
(E–180A) E. Kerr.....	June 5, 1958	Pt. Lot 6, C-3, R.F., Gloucester...	1.3	3,100	" "	Vacant land Vacant land
		CARLETON COUNTY				
(E–136) Est. J. F. Lancaster	July 26, 1956	Pt.lot24,C-2,O.F., Gloucester.....	94.00	106,000	" "	Leased to former owner
(SB–4) Hydro Electric Power Comm. of Ontario	Dec. 4, 1957	Pt. Lot 16, J.G., Gloucester.....	1.59	313	For development of station blvd.	Vacant land
		CITY OF OTTAWA				
(SB 9 and 10) C.M.H.C.....	Aug. 14, 1957	That part of Station Blvd. bounded on North by R.P. 560, on East by R.P. 611, on West by R.P. 566 and on South by R.P. 568.	9.68 5.15	6,064.75 5,698	For development of station blvd.	Vacant land
(SB 13) C.M.H.C.....	May 8, 1957	Station Blvd.....	7.0	21,188.22	" "	Vacant land
(SB–14) C.M.H.C.....	Jan. 14, 1958	Pt. Blk. C, Pt. 560, Pt. Blk. J, Pt. 566	2.43	15,000	" "	Vacant land
		CARLETON COUNTY				
(W–33 1-2-3) Dunlap & Bogue.	Feb. 1956	Pt. N½ Lot 32, Pt. S½ Lot 32, Pt. N½ Lot 31, Con. 2, R.F. Nepean	8.870 8.855 1.503	25,000	For development of western parkway	Vacant land
(W–35) D. Lancaster.....	June 4, 1957	Lots 157–158, being pt. Lot 32, Con. I, R.F., Nepean	0.986	7,500	" "	Vacant land
(G–63B) E. M. Woodburn..	Mar. 12, 1957	Pt. Township Lot 21, Con. III, O.F., Gloucester	137	34,250	For greenbelt purposes	Leased to former owner
		CITY OF HULL				
(HG–2) Chaudiere Water Power Owners and Lessees	Sept. 25, 1957	Lots 340–13, 339–27, 339–36, Pt. Lots 391–393–395, Lots 128–139 incl. Lot 55–2, Ward 1, Hull	5.80	60,000	For parkway development, on north bank Ottawa river	Vacant land
(HG–5A) City of Hull.....	May 16, 1957	Lot 10–10–189.....	1.7	2,650	For park purposes.....	Vacant land

(HG–9)	City of Hull.....	Aug. 1956	Pt. Lots 254, 255, and pt. Lot 11, Ward 1, Hull	53.52	62,754.59	For development Lac des Fees parkway	Vacant land
(HG–95)	Fraser Hadley.....	Oct. 2, 1957	Lots 325–2, 324–1, 321–1, 318–1, 317–68, 319 and Pts. 319–1, 317–68–1.	9	23,745	For proposed Lemieux Island bridge approach	Vacant land
			COUNTY OF HULL—Nil.				
			COUNTY OF GATINEAU				
(HS–3)	E. & R. McConnell..	June 1956	Pt. Lot 12B, Range 2, South Hull.	35.	100,000	For development of Hull South parkway	Vacant land
(HS–5)	E. Lusk.....	Mar. 7, 1958	Pt. Lot 12A, Range 3, South Hull.	86.40	50,000	" "	Vacant land
G.G.R.	VI–7—Ed. Smith...	June 25, 1958	E. pt. N½ Lot 7, Con. VI, R.F., Gloucester.	27.3	20,000	For development of greenbelt.	Vacant land.
G.N.R.	IV–32–1—B. S. Clinton.	April 23, 1958	W½ of S½ Lot 32, Con. IV., R.F., Nepean.	50	25,000	" "	" "
G.G.R.	III–9 & 15—A. Rebner.	Mar. 17, 1958	Pt. Lot 9, Con. III, R.F., Gloucester. Pt. Lots 14 and 15, Con. III, R.F., Gloucester.	127.9	70,000	" "	" "
G.G.O.	IV–16–1—W. W. Davies.	.....	N½ Lot 16, Con. IV, O.F., Gloucester.	100	30,000	" "	Occupied by owner.
G.N.R.	III–23–1—W. K. Mowat.	.....	W side Con. III known as S½ Lot 23, Con. III, R.F., Nepean.	100	60,000	" "	" "
G.N.R.	III–22–1—F. A. Houlahan.	.....	W side Con. III known as Lot 22, Con. III, R.F., Nepean.	150	90,000	" "	" "
G.N.R.	1–21–1—C. A. Hodges.	.....	E. side Con. II, known as W½ Lot 21, Con. I, R.F., Nepean.	100	80,000	" "	" "
G.G.R.	1–13–1—Estate of M. Cassin.	.....	N½ Lot 13, Con. I, R.F., Gloucester.	69	30,000	" "	" "
G.N.R.	1–25—R. H. Neill..	.....	W¼ Lot 25, Con. I, R.F., Nepean.	50	40,000	" "	" "
G.G.R.	3–10–1—E. Boyd....	.....	Pt. Lot 10, Con. III, R.F., Gloucester.	71	50,000	" "	" "
G.N.R.	2–22–1—G. Stinson..	.....	N½ Lot 22, Con. II, R.F., Nepean	80	56,000	" "	" "
			CARLETON COUNTY				
M–6—Peter Muciy.....		Apr. 25, 1958	Pt. Lot 3, Plan 32, Pt. Lot N, Con. B, R.F., Nepean, Pt. Lot 35, Con. B, R.F., Nepean, Pt. unnumbered lot, Pt. original road allowance, Plan 32 and pt. Lot 3, Nepean.	15.26	103,500	For approach to proposed bridges over Rideau canal & Rideau river	Occupied by former owner
M–7—J. M. Farmer.....		Jan. 10, 1958	Pt. Lot 9, J.G., Gloucester.....	4.27	4,270	For industrial area development.	Vacant land

PROPERTY ACQUISITIONS—MARCH 1, 1956—JUNE 30, 1958—*Continued*

Name of Former Owner or Vendor	Date of Expropriation or Purchase	Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
		CITY OF OTTAWA				
M-8—R. Westwick	Nov. 22, 1957	Lot 8, Dalhousie St., Ottawa	.15	$7,000	Part of approaches to proposed bridge connecting cities of Ottawa and Hull.	Vacant land
S-35—D. W. O'Connell	Nov. 12, 1956	Pt. Lots 10, 11 & 12, Plan 3, City of Ottawa.	.14	32,000	Required for railway re-development.	Vacant land
		COUNTY OF GATINEAU				
		MASHAM				
Q-208—P. Joly	Feb. 11, 1958	N½ Lot 26B, Range 2, Masham	50	2,000	For development of Gatineau park	Leased at market rental
Q-213 W. R. Harris	Oct. 13, 1957	Part Lots 1 & 2, Range 3, Masham	18	3,000	" "	Leased to former owner.
Q-215—H. Cross	Apr. 18, 1956	Lots 14 and 15, Range 2, Masham	100	5,000	" "	Leased at market rental
Q-221—H. Vaillant	Apr. 25, 1956	Lot 18, Range 2, Masham	120	7,000	" "	Leased to former owner
Q-223—Rev. J. R. Belisle	Oct. 23, 1956	Lot 22, Range 1, Masham	50	20,000	" "	Leased at market rental
Q-225—F. Batho	Aug. 29, 1956	Part of Lot 4B, Range 1, Masham	1	250	" "	Park land
Q-228—C. N. Kingsbury	Sept. 30, 1957	Part of Lot 4A, Range 1, Masham	10	500	" "	Park land
Q-236—A. Gosselin	Nov. 27, 1957	Part of Lot 19, Range 1, Masham	120	6,500	" "	Leased to former owner
Q-237—E. Gauthier	July 17, 1958	Part of Lots 24B & 25P, Range 2, Masham	70	8,200	" "	Park land
Q-238—M. Belisle	Mar. 11, 1958	Lot 52, Range 2, Masham	100	15,500	" "	Park land
Q-240—J. Moreau	May 14, 1958	Lot 22, Range 1, Masham	120	14,000	" "	Leased to former owner
Q-243—G. Beaudoin	June 13, 1958	Part Lot 33, Range 1, Masham	32	2,000	" "	Park land
Q-248—E. Renaud	June 27, 1958	South ½ Lot 30, Range 2, Masham	50	1,000	" "	Park land
Q-249—P. Joly	June 27, 1958	Part Lots 27 & 28, Range 2, Masham	71	7,000	" "	Park land
		EARDLEY				
Q-417—W. R. Harris	Mar. 20, 1956	Part Lot 1A, Eardley	.5	4,000	" "	Leased to former owner
Q-422—R. Ormond	Apr. 26, 1957	Lot 4A & W½ Lot 6, Range 9, Eardley	260	15,000	" "	Park land
		N part E½ of Lot 6B, Range 8, Eardley	260			
		W½ of Lot 7A, Range 8, Eardley				
Q-425—G. Barnes	May 5, 1958	Lot 17A, Range 10, Lot 21B, Range 13, Eardley	3	1,000	" "	Park land
Q-439—J. A. Loa	Oct. 5, 1957	Part Lot 1A, Range 13, Eardley.	½ acre	5,500	" "	Leased at market rental

Q-442—J. P. E. & F. A. Ardouin & M. R. Martineau	May 16, 1958	N½ Lot 13, Range 13, Eardley....	.191	19,000	"	"	Park land
Q-443—J. P. Ardouin.....	May 16, 1958	Part Lot 12, Range 13, Eardley..	.162	2,150	"	"	Park land
		WEST HULL					
Q-557—W. B. Henderson.....	Feb. 21, 1956	Part Lot 14B, Range 9, West Hull	1	750	"	"	Park land
Q-558—J. J. O'Neill.....	Feb. 21, 1956	Part Lot 14B, Range 9, West Hull	1	10,800	"	"	Leased at market rental
Q-559—J. W. Balharrie.....	Mar. 14, 1956	Lots 27D and 28, Range 12, West Hull	1	9,900	"	"	Leased at market rental
Q-561—R. Mulvihill.....	Apr. 24, 1956	N part Lot 23, Range 8, West Hull	167.2	35,000	"	"	Park land
Q-562—C. Overton.....	May 22, 1956	Part Lot 22, Range 7, West Hull.	1	19,500	"	"	Park land
Q-563—B. Mulvihill.....	June 4, 1956	Lots 21 and 22, Range 7, West Hull	80	95,000	"	"	Leased at market rental
Q-564—Fortin-Gravelle.....	Apr. 24, 1956	Lot 18, Range 7 & South ½ & E part of Lot 18, Range 8, West Hull	100	15,000	"	"	Park land
Q-568—K. Bedford.....	Oct. 12, 1956	Lot 16, Range 8, West Hull.....	.23	2,950	"	"	Leased at market rental
Q-569—Devlin Estate.....	July 23, 1956	Lot 25B, Range 11, West Hull....	.89	5,000	"	"	Park land
Q-580—C. D. Morris.....	Apr. 17, 1957	Part Lots 11 and 12, Range 7, West Hull	1.5	11,200	"	"	Park land, building demolished
Q-587—M. Smith.....	Nov. 4, 1957	Part Lot 14, Range 7, West Hull.	16.5	16,000	"	"	Leased to former owner
Q-588—L. J. Hendrick.....	Nov. 7, 1957	N½ of S½ of Lot 18, Range 11, West Hull	180	21,000	"	"	Park land
Q-589—E. P. Childs.....	Aug. 28, 1957	N½ of Lot 17, Range 10, West Hull	100	12,500	"	"	Park land
Q-590—J. W. & H. Dunlop....	Oct. 31, 1957	Part Lots 18 & 19, Range 10, and S½ Lot 19, Range 11, West Hull	275	39,500	"	"	Leased to former owner
Q-591—A. & W. Olmstead....	Oct. 23, 1957	S½ of Lot 18, Range 12, West Hull	100	10,000	"	"	Park land
Q-592—D. C. Bate.....	Aug. 28, 1957	Part of Lot 17, Range 10, West Hull	50	7,850	"	"	Park land
Q-593—A. Berniquez.....	June 12, 1957	Part of Lot 13A, Range 7, West Hull	3	3,300	"	"	Park land
Q-594—A. Guertin.....	June 5, 1957	Part Lots 26B and 27A, Range 8, West Hull	20	9,000	"	"	Leased at market rental
Q-595—J. Wernikowski.....	June 26, 1957	Part of Lot 16, Range 9, West Hull	18½	18,000	"	"	Park land
Q-596—Mrs. Henry and M. O'Neill	July 8, 1957	Part of Lot 16, Range 9, West Hull	46	15,000	"	"	Park land
Q-597—M. J. Young.....	Sept. 5, 1957	Part of Lot 27B, Range 8, West Hull	11	3,300	"	"	Park land
Q-598—A. B. and A. Tommy.	Aug. 8, 1957	Part of Lot 16, Range 9, West Hull	5.5	7,500	"	"	Park land
Q-599—L. J. Stone.....	Aug. 9, 1957	Part of Lot 16, Range 9, West Hull	.5	9,000	"	"	Park land
QA-500—C. Stone.....	July 30, 1957	Part of Lot 16A, Range 9, West Hull	.5	1,800	"	"	Park land
QA-501—H. B. Parks.....	Sept. 27, 1957	Part of Lot 16, Range 8, West Hull	.25	2,600	"	"	Park land
QA-502—M. L. Brown.....	Feb. 11, 1958	Part of Lot 21A, Range 10, West Hull	.5	4,200	"	"	Park land
QA-504—W. F. Wiggett.....	Dec. 2, 1957	Part of Lot 17, Range 8, West Hull	10	21,000	"	"	Leased at market rental
QA-506—S. Kelly.....	Nov. 27, 1957	Part of Lot 28A, Range 8, West Hull	9.57	2,870	"	"	Park land
QA-507—Engec Ltd.....	Feb. 21, 1958	Part of Lot 16A, Range 9, West Hull	1.92	3,000	"	"	Park land

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PROPERTY ACQUISITIONS—MARCH 1, 1956—JUNE 30, 1958—*Concluded*

Name of Former Owner or Vendor	Date of Expropriation or Purchase	Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
		COUNTY OF GATINEAU				
QA-508—J. & L. Milks	Feb. 21, 1958	Part Lot 16, Range 8, West Hull	.5	$ 1,000	For development of Gatineau park	Park land
QA-512—C. McCredie	Apr. 29, 1958	Part Lot 16, Range 8, West Hull.	½ acre	5,300	" "	Leased at market rental
QA-515—M. J. Young	Apr. 23, 1958	Part Lot 28A, Range 8, West Hull.	5.85	1,915	" "	Park land
QA-516—P. J. Mulvihill	Apr. 23, 1958	Part Lot 22B, Range 8, West Hull.	.5	2,500	" "	Leased at market rental
QA-517—Dr. Milks	May 7, 1958	Part Lots 15 and 16, Range 8, West Hull	½ acre	2,000	" "	Park land
QA-518—J. McKenna	May 12, 1958	Part Lot 15, Range 8, West Hull.	¼ acre	1,000	" "	Park land
		SOUTH HULL				
Q-727—P. Hannaford	Apr. 24, 1956	West ½ Lot 17, Range 6, South Hull	30	7,075	" "	Park land
Q-728—W. Moffatt	Apr. 25, 1956	E½ of part of Lot 17, Range 6, South Hull	32	9,000	" "	Park land
Q-729—H. E. McClelland	Mar. 28, 1956	Lot 16A and N½ Lot 15, Range 6, South Hull	150	50,000	" "	Park land
Q-731—G. A. Faris	Apr. 24, 1956	E½ of Lot 12, Range 5, South Hull.	60	32,500	" "	Park land
Q-732—M. Kingsbury	Mar. 29, 1956	Part of S. part Lot 9, Part Lots 8A and 8B, Range 5, South Hull	100	20,000	" "	Leased to former owner
Q-734—L. Taylor	Apr. 24, 1956	Lot 12, Range 5, South Hull	1	1,200	" "	Park land
Q-736—M. French	Apr. 24, 1956	Lot 16B, Range 6, South Hull	1-1/5	2,000	" "	Park land
Q-737—F. G. Radmore	Apr. 24, 1956	Part Lot 13A, Range 5, South Hull	18	6,000	" "	Park land
Q-738—M. L. Constant	June 8, 1956	Lot 17, Range 6, South Hull	5.68	6,200	" "	Park land
Q-739—M. McAllister	Oct. 23, 1956	Part Lot 9A-2, Range 4, South Hull	9	17,000	" "	Leased to former owner
Q-744—Mrs. W. H. Phillips	Apr. 3, 1957	Part Lot 21, Range 7, South Hull.	.37	1,000	" "	Park land
Q-747—M. Robinson	May 29, 1957	Part Lots 16B and 16C, Range 6, South Hull	1½	9,800	" "	Leased at market rental
Q-748—A. M. Munn	May 16, 1957	Part Lot 16C, Range 6, South Hull	.13	250	" "	Park land
Q-749—W. M. Cake	May 30, 1957	Part Lot 16C, Range 6, South Hull	1	8,000	" "	Leased at market rental
Q-750—W. Moffatt	May 16, 1957	Part Lot 16, Range 6, South Hull.	2	12,500	" "	Park land, building demolished
Q-752—C. R. Metz	Oct. 8, 1957	Part Lot 16C, Range 6, South Hull	2.56	5,000	" "	Leased at market rental
Q-754—E. Wallingford	Mar. 20, 1958	N.W. part Lot 19, Range 6, South Hull	30	3,000.95 ($100 p.a.)	" "	Park land

57071-3—227½

Name of Former Owner or Vendor		Legal Description	Acreage	Total Price	Reason for Acquisition		Present Use	
		COUNTY OF CARLETON						
G.N.R.-4-33-1 J. F. Houlahan		E. ½ Lot 33, Con. 4. R.F. Nepean.	100	$ 75,000.00	For development of greenbelt		Occupied by owner	
G.N.R.-4-32-2 J. C. Hammill		N. ½ Lot 32, Con. 4, R.F. Nepean.	100	75,000.00	"	"	"	"
G.N.R.-4-28-1 J. F. Houlahan		Pt. W. ½ Lot 28, Con. 4 R.F. Nepean	30	9,000.00	"	"	"	"
G.N.R.-3-21-1 T. Bergin		N. ½ Lot 21 & Pt. S. ½ Lot 21, Con. 3 R.F. Nepean	119	71,400.00	"	"	"	"
G.N.R.-3-22-2 W. A. Houlahan		S. ½ Lot 22, Con. 3 R.F. Nepean	50	30,000.00	"	"	"	"
G.G.O.-5-12-1 F. Burke		E. Pt. Lot 12, Conc. 5. O.F. Gloucester	12	3,480.00	"	"	"	"
G.N.R.-3-28-1 Est. A. M. Houlahan G.N.R.-4-28-1		W. ½ Lot 28, Con. 3 R.F. Nepean and E. ½ of N. ¾ of E. ½ Lot 28, Con. 4, R.F. Nepean and Pt. W. ½ Lot 28 east of Forced Rd. Con. 4 R.F. Nepean	195	121,750.00	"	"	"	"
G.N.R.-3-30-1 F. S. Hammill G.N.R.-4-29-1 G.N.R.-4-20-2		S. W. ¼ Lot 30, Con. 3 R.F. Nepean & N. ½ Lot 29 Con. 4. R.F. Nepean & S. ½ Lot 30, Conc. 4. R.F. Nepean including 12 ft. Right-of-Way over N. ½ Lot 30.	248.5	150,000.00	"	"	"	"
G.N.R.-4-30-2 J. C. Hammill		N. ½ Lot 30, Con. 4 R.F. Nepean.	100	75,000.00	"	"	"	"
G.N.R.-5-26-1 J. F. Amyot		N.W. side Lot 26, Con. 5 R.F. Nepean	80	50,000.00	"	"	"	"
G.N.R.-5-26-2 Est. T. Kennedy		E. Pt. Lot 26, Con. 5 R.F. Nepean.	82	16,400.00	"	"	"	"
G.N.R.-5-27-1 E. Amberger		Pt. Lot 27, Con. 5, R.F. Nepean.	190.29	60,000.00	"	"	"	"
G.N.R.-5-28-1 A. J. Rea		Pt. Lot 28, Con. 5 R.F. Nepean.	167	53,000.00	"	"	"	"
G.N.R.-5-30-2 J. C. Hammill G.N.R.-5-31-1		Pt. Lot 30, Con. 5 R.F. Nepean and N. ½ Lot 31 Con. 5 R.F. Nepean	149.46	49,200.00	"	"	"	"
G.N.R.-5-32-2 E. E. Byrne G.N.R.-5-33-1		Pt. E. ½ Lot 32 & Pt. Lot 33, Con. 5. R.F. Nepean	184.5	135,000.00	"	"	"	"
G.N.R.-5-34-1 M. T. Hammill		Centre 2/5 Lot 34, Con. 5 R.F. Nepean	80	48,000.00	"	"	"	"
G.G.O.-3-14-4 E. Brazeau		W. ½ Lot 14, Con. 3. O.F. Gloucester	46	28,000.00	"	"	"	"
G.G.R.-1-14-1 C. Nixon G.G.R.-1-15-1		S. 1/3 Lot 14, and N. 1/3 Lot 15, Con. 1. R.F. Gloucester	56	37,500.00	"	"	"	"

AGREEMENTS OF SALE OR OPTIONS—MARCH 1, 1956—JUNE 30, 1958—*Concluded*

Name of Former Owner or Vendor		Legal Description	Acreage	Total Price	Reason for Acquisition	Present Use
		COUNTY OF CARLETON —*Concluded*				
G.G.R.-6-7-1 D. MacDonald		Pt. E. Pt. of N. ½ Lot 7, Con. 6. R.F. Gloucester	.5	$ 750.00	For development of greenbelt	Occupied by owner
G.G.O.-3-15-1 L. Rocheleau		Lot 15, Con. 3 O.F. Gloucester	41	6,800.00	" "	" "
G.N.R.-3-27-1 John, Thomas & W. Lenahan G.N.R.-4-29-1 G.N.R.-5-29-1 G.N.R.-5-30-1		E. ½ Lots 27 & 28 and S. ½ Lot 29, Con. 3 R.F. Nepean, S. ½ Lot 29, Con. 4 R.F. Nepean, E. ½ Lot 29 and S.E. ¼ Lot 30, Con. 5 R.F. Nepean	550	250,000.00	" "	" "
G.N.R.-3-32-1 Nelms-Moffatt		Pt. Lots 32 & 33, Con. 3 R.F. Nepean	135	95,000.00	" "	" "
		CITY OF OTTAWA				
S-3—B. Lortie		Pt. Lots 6 and 7, John St. W.	.08	29,000.00	For development of Sussex drive, boulevard and park	" "

EXPROPRIATION PROCEEDINGS COMMENCED MARCH 1, 1956—JUNE 30, 1958

		CITY OF OTTAWA				
E-120—M. Mussencabbie		Pt. Lots 11-12-13, J. G., Gloucester, Pl. Lot 31.	9.27	$ 7,500	For development of southern entrance	Vacant land
E-129—J. McCarthy		Sub-Lot 8 and Pt. Sub-Lots 5-6-7 in Lot 22, J. G., Gloucester, R.P. 31	16.38	24,750	" "	Vacant land
E-131—D. A. McDonald		Part Lot 1-C3, R.F., Gloucester	12	25,000	" "	Occupied by former owner
E-137—Dominion Structural Steel		Part Lot 25, C2, O.F., Gloucester	2.1	4,200	" "	Vacant land. Occupied by former owner
E-139—J. Keenan		Pt. Lot 26, C2, O.F., Gloucester	3.6	4,860	" "	Vacant land. Occupied by former owner
E-142—C. Cyr		Pt. Lot 27, C-2, O.F., Gloucester	0.5	675	" "	Vacant land. Occupied by former owner
E-143—H. Shenkman		Pt. Lot A, Pt. Lot 26, C-3, O.F., Gloucester	1.2	1,620	" "	" "

E-150—A. Charnysh		Pt. Lot F, R.P. 329, Gloucester	12	900	"	"	Vacant land
E-158—W. Baker		Pt. Lot G, R.P. 329, Gloucester	.07	2,700	"	"	Occupied by former owner
E-163—M. Shulega		Lot H, Pl. 329, Gloucester	.7	4,036	"	"	" "
		COUNTY OF CARLETON					
E-134—L. Larmour		Pt. Lot 25, C-2, O.F., Gloucester	31.71	2,853	"	"	Vacant land. Occupied by former owner
E-135—K. B. Craig		Pt. Lot 24, C-2, O.F., Gloucester	11.88	1,069	"	"	" "
		CITY OF OTTAWA					
EP-200—General Supply		Pt. Blk. D, pt. Champagne Ave., Reg. Plan 73	.9	18,000	For development of Queensway		Vacant land
O-223—Ida Jamieson		Pt. Blk. E, All of A-D, Plan 40½ and pt. Lots 10-11-12 and A, W. Kirby Road, pl. 110	5.54	86,500	For development of Ottawa river parkway		To be returned to former owner, no longer required
O-302—L. Whitty		Pt. Twp. Lot 25—150×90′, Nepean	0.21	6,000	"	"	Occupied by former owner
O-308—L. E. Whitty		Pt. Lots 15-16, Reg. Pl. 233, Nepean	0.80	3,000	"	"	" "
O-311—Ada Shaffer		S½ Lot 18 and all Lots 19, 20, Plan 233, Nepean	0.28	4,000	"	"	" "
O-323—C. E. Cole		All Lot 24 and Lot 23, less N. 25′	0.14	8,000	"	"	Occupied by former owner
O-331—Estate Mary Hartnett		Pt. Blk. B, Plan 278, Nepean	.03	5,000	"	"	" "
O-334—H. Berlin		N.W. pt. Blk. B, Plan 278, Nepean	0.48	20,385	"	"	" "
O-382—A. A. Kerry		Lots 158, 159, Plan 278, Nepean	0.15	6,500	"	"	" "
O-395—C. Andrews		Lot 115, Plan 278, Nepean	0.09	6,300	"	"	" "
O-399—J. Sachs		Lots 119 and 120, Plan 278, Nepean	0.14	13,307	"	"	" "
O-400—A. Welch		Lot 121, Plan 278, Nepean	0.09	7,920	"	"	" "
O-211—J. A. Larocque		Lot 5, Sussex St	0.08	25,000	"	"	" "
O-241—N. Gowland		Lot 359, M-29, Nepean	0.21	14,875	"	"	" "
O-308A—Patrick Whitty		Pt. Lots 15 and 16, Plan 233, Nepean	0.80	2,600	"	"	" "

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

266. Departmental administration, $731,410.

267. Northern research co-ordination centre, including a grant of $10,000 to the Arctic Institute of North America; and an amount of $10,000 for grants in aid of northern research subject to allocation by the Treasury Board, $89,302.

268. To provide for contributions to the provinces, pursuant to agreements entered into or to be entered into, with the approval of the Governor in Council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for camp-ground and picnic area developments, $1,000,000.

National Parks Branch—

269. Branch administration, $143,105.

National parks and historic sites services—

270. Administration, operation and maintenance, $6,065,610.

271. Construction or acquisition of buildings, works, land and equipment, $14,399,925.

272. Grant to Jack Miner migratory bird foundation, $5,000.

273. Grant in aid of the development of the International Peace Garden in Manitoba, $10,000.

274. To authorize payment to the National Battlefields Commission for the purposes and subject to the provisions of an Act respecting the National Battlefields at Quebec (Chap. 57, Statutes of 1908, as amended), $158,475.

275. Canadian Wildlife Service—Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $618,301.

HOUSE OF COMMONS

Friday, August 15, 1958

The house met at eleven o'clock.

STANDING ORDERS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. J. W. Kucherepa (High Park) presented the third report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—ANNOUNCEMENT RESPECTING EMIGRATION OF DOUKHOBORS

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I desire to make a statement in connection with the Doukhobor situation in British Columbia.

The government of Canada has been following closely the developments in the Kootenay area of British Columbia where, for many years, acts of violence, damage to property and disorder have been occurring. These occurrences have recently spread to other parts of the interior of British Columbia. The dominion government has shared the concern felt by all, and especially the citizens of British Columbia, over this situation.

While maintaining the view that the constitutional responsibility for the maintenance of law and order continues to be that of the province, the government of Canada has felt that the most recent series of outbreaks, especially, have demanded a readiness on its part to give sympathetic consideration to co-operating with the province in any specific request or proposal put forward by the province which offers real possibility of a solution of the problem.

In accordance with this spirit, representatives of the dominion government have recently participated in extensive negotiations with representatives of the government of British Columbia in connection with a particular suggestion advanced by the latter as a solution to the problem. This involves the suggestion that members of the Doukhobor sect associated with the sons of freedom, who have for many years insisted that they are in conscience unable to accept and abide by the laws of this country, be assisted in their expressed desire to emigrate to Russia.

In the course of these discussions, and in keeping with the attitude outlined above, the dominion government indicated to the province its willingness to accept a generous share of the burden of implementing this proposal. As a result of these discussions, the following joint statement has been agreed to by the two governments. The text is as follows:

This statement is made by the governments of Canada and British Columbia jointly in the belief that certain members of the Doukhobor sect associated with the sons of freedom earnestly desire to leave Canada forever and is made for the purpose of establishing the intention of the two governments to co-operate so that those persons may carry out their desire.

Those desiring to take advantage of this offer will be required to declare their intention on or before the 30th day of September, 1958, and arrangements will be made to complete migration as soon as possible after this date. Those desiring to leave Canada should at once communicate with the office of the dominion director of citizenship and immigration in Vancouver or with the government agent at Grand Forks, Rossland or Nelson in the province of British Columbia.

The governments of Canada and British Columbia are agreed that upon being advised by the U.S.S.R. that the Soviet union will accept applying Doukhobors of that sect as immigrants into that country:

(1) the governments will assist and co-operate with individuals, families and groups desiring to migrate, in the furnishing and securing of all necessary documents, visas and passports required for the purpose;

(2) the government of British Columbia will assist in restoring to their parents custody of their children for whom parents make application for the purpose of emigration from Canada;

(3) reasonable financial assistance will be provided (a) by the government of Canada to cover the cost of transportation to the U.S.S.R.; and (b) by the government of British Columbia to assist in the establishing of settlers in that country in an amount not to exceed transportation assistance and for a period subsequently to be determined;
but upon the condition that all such financial assistance will be made available only to persons renouncing Canadian citizenship;

(4) the government of British Columbia will assist, if asked, in the orderly realization of assets real or personal of migrating persons and will credit moneys thereby secured as directed by them.

The government of Canada will co-operate in arranging for and facilitating discussions between representatives of the Doukhobors and of the Soviet government in Canada regarding the arrangements to be made for admission to Russia of those desiring to migrate.

Those who do not within the time specified accept this offer to assist in migrating from Canada will be understood to desire to remain in Canada subject

to all laws, municipal, provincial or federal, governing Canadian citizens and privileged as heretofore to enjoy the rights and liberties of such citizenship.

That is the end of the joint statement. I may say that the text of this joint statement is also released this morning in Victoria at this time by the government of British Columbia.

Hon. L. B. Pearson (Leader of the Opposition): I am sure the house will have listened with great interest to the statement of the minister on behalf of the federal government, and I can only say on behalf of the opposition that we hope this arrangement between the federal government and the government of British Columbia will work out satisfactorily and that these people will be able to find the tranquillity elsewhere which they apparently think they cannot find here in Canada.

Mr. H. W. Herridge (Kootenay West): As the member representing the constituency which is the focal point of the problem with which the minister has dealt, may I say that without a doubt the house has listened with great interest to the minister's unprecedented and unusual statement concerning the agreement between the federal government and the government of British Columbia to deal with an unusual situation and in response to a most unusual request. We in this group trust that co-operation between the federal government and the government of British Columbia will result in a final solution to this long-standing and most difficult problem to the satisfaction of all parties concerned.

We are glad the government of Canada has extended its co-operation to the government of British Columbia, and I compliment the minister for his patience, constructive approach and deep concern and interest in this question. I do urge both governments to enlist the co-operation of the district consultative committee, which is composed of representative citizens who have a great understanding of the situation, circumstances and other aspects of this problem.

[*Later:*]

INQUIRY AS TO POSITION OF MINOR CHILDREN

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Minister of Justice. In the light of his announcement, what is going to be the position of the minors? The people I have in mind are boys and girls aged 18, 19 and 20 who may desire to remain in Canada. Will the voluntary movement apply there? In other words, is there going to be any protection whereby those youngsters who wish to remain in Canada can remain, despite the wishes of their parents?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, that is a matter that would have to be the subject of careful negotiation and consideration. The desire is to have this movement entirely voluntary, as hon. members will appreciate, and it will have to be the duty of those administering the movement to ensure that this feature is maintained. At this stage and from this distance I do not think it is possible to make any forecast as to what would be the situation if a problem of that nature arose. It would depend upon the good will and judgment of those who are taking the applications for registration for the movement, but due regard will be taken of that problem in the administration of any program that may develop.

(Translation):

QUEBEC—STATEMENT ON ESTABLISHMENT OF TRUSTEES IN BANKRUPTCY

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, yesterday the hon. member for Richelieu-Vercheres (Mr. Cardin) asked me if I had received any request for the appointment of a registrar and the establishment of a bankruptcy court in the judicial districts of Richelieu, Beauharnois, Iberville and St. Hyacinthe.

I find that representations have already been made in this respect. In fact I had received a letter from the hon. member for St. Hyacinthe-Bagot (Mr. Ricard), inquiring whether the request in question would be favourably received. Those representations, and that letter, were referred to the officials of my department who now have the matter under advisement. Consequently, my answer today must be the same as the one I already gave the hon. member for St. Hyacinthe-Bagot, that is to say: the matter is under consideration.

(Text):

MARITIME COAL PRODUCTION ASSISTANCE ACT

AMENDMENTS VARYING TERMS OF REPAYMENT UNDER AGREEMENT

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with the Dominion Coal Company Limited,

for the purpose of varying the terms of repayment of principal and interest as provided under section 4 of the act.

Motion agreed to.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—IMPLEMENTATION OF REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question. Having in mind Canada's formal obligation to Newfoundland under the terms of union, can the minister yet say whether the government proposes to take action at this session to implement the recommendations of the McNair commission report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this royal commission was appointed by the last government, and apparently its recommendations are not acceptable to all. I have read criticisms of various leaders in Newfoundland respecting the amount recommended, and that being so the government must give the fullest consideration to the matter before announcing the course it will follow.

Hon. J. W. Pickersgill (Bonavista-Twillingate): By way of a supplementary question, Mr. Speaker, may I ask if we are to take it the government does not intend to act at this session?

Mr. Diefenbaker: Mr. Speaker, I have nothing to add to what I have already said. Certainly this government has a responsibility to look thoroughly into the recommendations made. Those recommendations apparently not having the support of the leaders in Newfoundland, this re-emphasizes the necessity of the fullest consideration being given by the government before taking action.

TRADE

SEED WHEAT—REPORTED RESTORATION OF U.S. TARIFF

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I have a question I should like to direct to the Minister of Trade and Commerce. Can the minister inform the house of the nature of the protest made to the United States government with regard to the restoration of the 10-cent tariff on Canadian seed wheat going to the United States? Can the minister say what has been the result of these protests, and whether the United States President is likely to veto this increase?

Inquiries of the Ministry

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I cannot forecast what may be done by the President of the United States. The matter is under careful observation by us, but it has not yet been made final. Our position is well known to our United States friends, and at the moment I think the situation is sufficiently under control. I cannot give any information in great detail along the line that my hon. friend is asking.

Mr. Argue: As a supplementary question, can the minister tell the house whether a protest has been launched? The minister has said that the matter is under observation. Is something more being done?

Mr. Churchill: Well, it is under observation and very active consideration. My hon. friend can rest assured that the government will take such steps as are necessary in this regard.

REPORTED REDUCTION IN PROHIBITED EXPORTS TO COMMUNIST COUNTRIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Trade and Commerce whether he is aware that, according to the press, the president of the board of trade announced, presumably to the House of Commons in London yesterday, that agreement had been reached in Paris removing 63 types of goods from the prohibited list for sale to the communist world and giving the details with regard to that action? If so, will he inform the house what are the details of this arrangement, so that Canadian exporters may also know where they stand in this regard?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have seen the article appearing in the Montreal *Gazette* this morning which purports to be the report of a speech made by Sir David Eccles on this subject. I have had that article checked. It appears to be substantially correct in so far as the items therein listed are removed from the strategic control list. I propose announcing to the house within a day or two the situation in so far as Canada is concerned. For the benefit of our businessmen the control list, when approved, will appear in the *Canada Gazette*.

POST OFFICE DEPARTMENT

BRITISH COLUMBIA—INQUIRY AS TO EXTENT OF BOMB DAMAGE

On the orders of the day:

Mr. Stuart Fleming (Okanagan-Revelstoke): Mr. Speaker, I should like to ask the Postmaster General whether he can report to the

house the extent of damage to federal government property in the bombing incidents in the Okanagan yesterday.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I cannot report generally on federal government property, but I can say that two post offices in that area were bombed yesterday, one at Oliver and the other at Osoyoos, both by means of dropping bombs through the outside letter slot. In the front of the post offices glass was broken. There was minor internal damage but no loss of mail. There was some damage to the mail which happened to be in the letter boxes at that time, but no interruption whatsoever of service.

TRINITY BAY, NFLD.—REQUEST FOR SPECIAL STAMP ISSUE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Postmaster General. Has the minister given consideration to commemorating by a special postage stamp the centenary of the landing of the first trans-Atlantic cable at Trinity bay, Newfoundland, in 1858?

Hon. W. M. Hamilton (Postmaster General): I thank the hon. member for giving me notice of this question. There are many important Canadian historical events which the Post Office Department would like to commemorate by means of a postage stamp, but there are only a limited number of stamps with which to do so. Unfortunately it was not possible to commemorate this particular event with the issue of a postage stamp this year. I might mention that early in October the Atlantic provinces area generally and particularly Halifax will find the 200th anniversary of the establishment of democratic government in Canada, which took place there, commemorated by the issuance of a special stamp.

COMMONWEALTH CONFERENCE

REPORTED AGENDA FOR FORTHCOMING MEETING

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, would the Minister of Finance care to comment on the news report this morning, attributed to a government spokesman, that the forthcoming commonwealth economic conference would be more a discussion on monetary affairs than trade development?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not seen the press article to which the Leader of the Opposition refers, but I may say to him and to the house that at the conference, as it is being prepared for and in accordance with the plans made, the agenda provides for a very wide range of discussion.

I have emphasized previously that it is not merely a trade conference but a trade and economic conference. The conference will embrace within its discussions almost every type of subject that pertains to economic relations within the commonwealth. It will include the matters to which my hon. friend has referred and a great many others.

I can only emphasize at this point that the agenda contemplates the widest kind of opportunity for discussion of matters of interest to the economies of the nations within the commonwealth.

FINANCE

RAW SUGAR—REQUEST FOR TARIFF REDUCTION ON IMPORTS

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a question to the Minister of Finance. Has the government received representations from the Atlantic provinces economic council requesting a reduction of the tariff on raw sugar imported from non-commonwealth countries to a level not exceeding 10 per cent above the rate applicable to raw sugar imported from commonwealth countries?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker, I am not aware of any such representations having been made. I might say that the question of our sugar imports is a matter that is always under consideration.

RELEASE POLICY RESPECTING HUNGARIAN-POLISH-ROUMANIAN ASSETS

On the orders of the day:

Mr. L. D. Crestohl (Cartier): May I ask the Prime Minister when he will be good enough to deal with the problem I put to him on June 18, 1958.

Right Hon. J. G. Diefenbaker (Prime Minister): That matter is still receiving the active consideration of the Minister of Finance and the Secretary of State, but a decision has not yet been reached. I have the file before me. I can say to the hon. gentleman that I realize his interest in this question. It is one that deserves the earliest possible decision. However, there are divers matters to be considered before a final decision is made.

AIRPORTS

DORVAL—AIR CONDITIONING OF NEW TERMINAL

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the fact that since the start of construction of the new Dorval airport terminal conditions have changed due to the jet era, will the minister consider the recommendation made by both the international civil aviation organization and the international air transport association to the effect that air conditioning will be a must in air terminals in the jet age, according to a report which appeared on August 13 last in the Montreal *Star*?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I thank the hon. member for giving me notice of his intention to ask this question. When planning was under way in the 1954-55 period, air conditioning was considered but not included at that time since it has not been usual to include air conditioning in government buildings unless special reasons justify this. Air conditioning would have added about 10 per cent to the cost of the building, or about $1½ million.

Requirements relating to jet aircraft use were not known in 1954 to either the air lines or the planners, and it was only last year that the international aviation experts decided that there was good reason at terminals where commercial jets are parked close at hand for sealing the building completely against the noise and, therefore, for air conditioning at Dorval. The jets will park 500 feet away at an aeroquay.

To introduce air conditioning at this stage would require material delays in completion of construction, something I do not favour in view of the great need for the building. However, because we have provided adequate duct space in the public waiting room area, limited air conditioning could be added at a later stage if experience should make this necessary and desirable.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question arising out of the minister's statement. In view of the statement he has just made, does he not think it worth while that an investigation be made by the officers of his department to ascertain whether or not it would be advisable, even if there would be delay as he has said, to give consideration to the introduction of air conditioning?

Mr. Hees: Mr. Speaker, exhaustive examinations have been made into the matter, and the officials feel that the delay is not justified and that if it appears to be necessary later the ducts are there and the air conditioning can be added.

INCOME TAX

PREMIUM IRON ORES—CANADIAN REPRESENTATIONS TO U.S.

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of National Revenue. Has the government had any indication of any United States action subsequent to the discussions held here with the President of the United States on the United States treasury department case against the Premium Iron Ore Company now before the United States appeal court?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have had no advice of any change or of any development that has taken place following the discussions which were held here between the President of the United States and the Secretary of State and the Prime Minister of Canada and members of the government.

CANADIAN BROADCASTING CORPORATION

STATEMENT ON RESUMPTION OF PROGRAM "THE NATION'S BUSINESS"

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): While I am on my feet might I be permitted to answer a question which was asked me on August 2 by the hon. member for Bonavista-Twillingate with respect to "The Nation's Business" on radio and television.

I am advised by the Canadian Broadcasting Corporation that this program was suspended as it always is on the dissolution of a parliament. It is reinstated on the request of the political parties concerned, after consultations among the leaders of those parties and/or their representatives as to distribution of time and other details incidental thereto. The reply which was prepared the day before yesterday advised me that up to that moment no request had been received from any political party for the reinstatement of this program, but I was advised by telephone this morning that yesterday one of the political parties represented in this house had made application to the C.B.C. for the reinstatement of the program, and that they will be very happy to have conferences arranged among the representatives of the various political parties here.

STATEMENT ON TELEVISION PROGRAM "DEATH WEARS MANY FACES"

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): On August 6 the hon. member for Russell asked me with respect to a program to which he had taken offence, namely "Death Wears Many Faces", carried on the C.B.C. television network at 9 p.m. on July 30.

I am advised that this is one of the programs sponsored by the Kraft company and originates in New York and is part of a series which has been carried on the C.B.C. I am informed that as of August 8, 17 unfavourable telephone calls and 2 favourable calls had been received by the C.B.C. with respect to this program. Six of the unfavourable calls emanated from the city of Ottawa. There were three unfavourable letters and one favourable letter.

(Translation):

NATIONAL CAPITAL PLAN

HULL, QUE.—INQUIRY AS TO LETTER FROM CITY CLERK

On the orders of the day:

Mr. Georges Valade (St. Mary): Mr. Speaker, I would like to ask the Prime Minister a question, and I hope that the hon. member for Hull (Mr. Caron) will not take exception if I show some interest in his voters. It is quite normal that I should do so, as I am a member of the public accounts committee. I would like to ask the Prime Minister whether he has received, from the clerk of the city of Hull, a letter dated August 13, 1958, concerning the national capital improvement plan. I am ready to table this document for the information of the hon. member for Hull.

(Text):

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Water resources branch—

276. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference and a grant of $35,000 to the Canadian national committee of the world power conference to assist in defraying the costs of the conference's sectional meeting to be held in Canada in 1958, $1,257,459.

The Deputy Chairman: This item will be found at page 55 of the blue book, with the details at page 412. Shall vote 276 carry?

Mr. Chevrier: Last evening, Mr. Chairman, when this item was under consideration there were two questions that I directed to the minister. Perhaps I could follow them up. One had to do with the board of control upon which his department has representation.

The Deputy Chairman: Order. I wonder whether hon. members would please bring their voices down. There is so much mumbling going on here that I cannot hear the hon. member for Laurier.

Mr. Chevrier: I wonder whether, first of all, the minister would tell us what are the duties and responsibilities of this board of control.

Mr. Hamilton (Qu'Appelle): At the close of last night's sitting, Mr. Chairman, the hon. member for Laurier was directing some questions to me with respect to certain boards concerning the regulation of lake Ontario and the St. Lawrence river on which my department has representation. There was some confusion at the time as to which board the hon. member had reference. I think this statement will give the complete story.

At the present time the department, through the director of its water resources branch, has membership on two boards which were appointed by the international joint commission and which report to that body with respect to the regulation of the levels of lake Ontario and the St. Lawrence river.

With respect to the regulation of the levels of lake Ontario and the St. Lawrence river, the international lake Ontario board of engineers was appointed by the international joint commission in April of 1953 under terms of reference from the governments of Canada and the United States dated June 25, 1952. It is a two-man board upon which Canada has one member, an engineer of my department.

The international St. Lawrence river board of control was appointed by the international joint commission on November 16, 1953 under the terms of an order of approval of that body dated October 29, 1952 in connection with the application of the government of Canada to the international joint commission:

—for an order of approval for the construction of certain works for the development of power in the international rapids section of the St. Lawrence river.

—dated June 30, 1952. This is a six-man board upon which Canada has three representatives, one of whom is an engineer of this department, who is also a member of the previously mentioned board and who is chairman of the Canadian section of the board of control.

The international lake Ontario board of engineers submitted to the international

joint commission on May 5, 1955 a plan of regulation, No. 12-A-9, to which the hon. member referred last evening. This plan was designed to protect the interests located upstream and downstream from the power works in accordance with the range of levels and criteria tentatively adopted by the commission in March, 1955.

At this meeting representations were made on behalf of the province of Quebec to obtain greater assurance that the adopted plan of regulation would provide the downstream interests with adequate protection. The commission directed that the board incorporate such minor adjustments as might be necessary to best meet these requirements. This direction resulted in the development of a plan known as plan No. 12-A-9(M). Although plan 12-A-9(M) had not been presented to the commission or to the governments formally, the governments took into consideration the results of this plan, particularly in regard to its similarity to plan 12-A-9 with respect to its critical profiles for channel excavations, and the adjustments it contained to satisfy downstream interests. Accordingly, in the government's reply of December 3, 1955 to the commission's letter of May 9, 1955, plan 12-A-9 was approved for the purpose of calculating critical profiles and the design of channel excavations only. The commission's recommended range of stage of 244, navigation season, to 248 as nearly as may be, and the recommended criteria for the operation of regulatory works were approved.

In so far as the work of the international lake Ontario board of engineers in developing a plan of regulation was concerned, the commission considered that it had completed its assignment and it directed that the board should complete a documentation of its regulation studies in a form in which the commission could present the material to the international St. Lawrence board of control, the body charged with responsibility for the operation of the plan, for the study of further refinements of that plan. The board of control undertook these further studies and in June, 1958 presented to the commission plan of regulation No. 1958-A, which plan was adopted by the commission at a meeting in Montreal on July 14 last.

The present status of the international St. Lawrence board of engineers is that it is completing its studies with respect to factors affecting the levels of lake Ontario as requested in the terms of reference of June 25, 1952.

The international St. Lawrence river board of control is continuing its co-operation with the joint board of engineers, a body appointed by the governments of Canada and the United States to act for them in ensuring adequate construction programs, plans and specifications. With the completion of construction the board of control will assume the responsibility of carrying out all provisions of the orders of approval of October 29, 1952 and July 2, 1956 related to the water levels and regulations of discharge of water from lake Ontario.

Mr. Chevrier: I wish to thank the minister for that very comprehensive statement having to do with the two boards over which his department has control, which perhaps I could follow up with just a short question.

Plan 12-A-9, as he has stated, has been approved by the international joint commission by way of an amendment to the original order of approval. The minister then referred to plan 12-A-9(M), which was recommended in order to protect the downstream interests. Could I ask the minister if plan 12-A-9(M) has now been made an amendment to the original order of approval of the international joint commission?

Mr. Hamilton (Qu'Appelle): The answer to that question is no.

Mr. Chevrier: The minister went on to deal with a still further amendment adopted on July 14, 1958 in Montreal, known as plan 1958-A. Has that plan received the approval of the international joint commission by way of amendment to the original order of approval?

Mr. Hamilton (Qu'Appelle): It has been approved by the international joint commission, but the order of approval has not been amended.

Mr. Chevrier: I know that much of this is technical and I will not unduly pursue the matter. Perhaps I can wind up my remarks by this question. Returning to the board of control, the minister gave to the house a moment ago an outline of the duties and responsibilities of that board. Having regard to the present levels arising out of the development of power in the international section, those levels are to be held at 238 for the first ten years. I have been informed that there is a possibility that this will be changed and that the levels will not be held at 238 for that period but might well be increased to 242 before the end of the ten years. Is that matter under study by the board of control, and have they made any recommendation in that respect?

Mr. Hamilton (Qu'Appelle): I am informed that this matter is not under study by the

international board of control, and that no specific proposition has been made by that board.

Mr. Chevrier: It may not be under study, but one of their duties is to supervise for a period of ten years the operation of the levels, and may I have an answer from the minister or his advisers as to whether or not there is any change in the original idea of allowing the level to remain at 238 for ten years?

Mr. Hamilton (Qu'Appelle): I am informed that any change such as that suggested would have to come as a direction from the international joint commission.

Mr. Chevrier: Then going back to plan 12-A-9(M) and plan 1958-A, which I take it have been considered by the minister's officers in order to protect the downstream interests—that is to say, in order to protect the development of power at Beauharnois —so that nothing which is done upstream will in any way affect the power development at Beauharnois and so that nothing which is done upstream will affect the level in the port of Montreal, is the minister satisfied that these two plans will adequately protect the safety of the interests in these two areas?

In so far as this can be done, will it protect both these interests; first, power development at Beauharnois and second, the level of the water in the port of Montreal?

Mr. Hamilton (Qu'Appelle): The engineers are satisfied that these arrangements will do just those two things, but it should be pointed out that these plans are under continuous review in case anything else should be done to improve the situation.

Mr. Fisher: I think everyone in the constituencies around the great lakes is interested in this Illinois development which, I understand, a senate committee has approved, and it is quite likely that this diversion will go ahead, at least for a certain period of time. The Canadian Department of External Affairs sent an aide memoire in relation to this subject indicating that the Canadian position is that while Canadians are not in favour of this diversion it is completely within the right of the United States to go ahead with it.

I want to ask whether the Canadian Department of External Affairs received any advice from the water resources branch with regard to this; and second, if the diversion goes through, whether any studies are planned concerning any possible step that Canada might take, especially with regard to the lake Superior watershed, to compensate for the tremendous gallonage that is going to be taken out at Chicago.

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): The department of northern affairs, through its water resources division, did advise the Department of External Affairs about the effects of the Chicago diversion. There is, Mr. Chairman, as you know a present diversion to the great lakes watershed from Longlac which more than compensates for the water taken by the Chicago diversion. As far as I know there is no plan for any further diversion from the great lakes watershed into the great lakes system.

Mr. Fisher: I may be dealing in fantasy, but I understand there has been a diversion from Lac St. Joseph westward in order to help the power set-up along the Manitoba border, and that there has also been a diversion of water which would originally have gone into the Hudson bay-James bay area, and I am just wondering whether there is any prospect of a more thorough study of the situation to determine whether we can afford to take still more water from the Hudson bay watershed and divert it into the lake Superior watershed or the Winnipeg river area?

Mr. Hamilton (Qu'Appelle): As a matter of fact the St. Joseph diversion is from the Hudson bay watershed into the lake Winnipeg or Nelson river watershed, and it does not affect the great lakes watershed. As to the question of diverting more water from the Hudson bay system into the great lakes system, I think that is purely a matter for the province of Ontario.

Mr. Pearson: May I ask the minister whether he is satisfied that this proposed diversion via Chicago, concerning which an aide memoire has been sent to the United States government, will not prejudicially affect Canadian interests in so far as upper lake levels are concerned?

Mr. Hamilton (Qu'Appelle): The facts are that such a diversion will prejudice the levels of the great lakes system and will reduce the power potential of that system.

Mr. Fisher: That is the point where I wondered about the study. There is more water up in that watershed, especially lying northeast of lake Nipigon, and I was just wondering whether the minister could not have some study conducted into ways and means of compensating for any diversion which might take place in the future. Even if the department does not go ahead with a concrete plan, would such a study not be worth while; or would the department already have the information necessary to know whether we could compensate for water taken out?

Mr. Hamilton (Qu'Appelle): I think two things should be cleared up. First of all, the proposed diversion has not gone through. As the Leader of the Opposition has said, we have made our view clear to the United States that taking more water would prejudicially affect both water levels and power production. As to the second point, dealing with the possible diversion of water from the Hudson bay watershed into the great lakes watershed, information is to some extent available but the view at the moment is that the possibilities would be limited by the economic factor, the cost.

Mr. Pearson: In view of the minister's answer, may I ask whether the United States is entitled under international agreements to make this diversion which prejudices our interests, and if not, how does that country justify the action which it is proposing to take?

Mr. Hamilton (Qu'Appelle): Yes, the United States is entitled to make the diversion, but there are certain factors prejudicial to both countries which we have been pointing out in the hope that they may see the weight of our arguments.

Item agreed to.

278. To provide for studies and surveys of the Columbia river watershed in Canada, $227,780.

Mr. Herridge: I want to say a few words because of the importance of this vote in connection with the diversion of the Columbia river watershed in Canada and because of the great interest taken in this most important question by the people whom I have the honour to represent.

I notice that the vote is $227,780 this year as compared with $245,437 last year, a reduction of $17,657, which I presume indicates that the endeavour to obtain information is coming to an end. This is very different from the estimates we have had in previous years in connection with these studies.

I wish to express my appreciation of the good work which has been done by the staff of this branch of the minister's department, because it is their work which has made it possible to assess this situation in Canada. I also wish to express our appreciation—and when I say "our" I am speaking for the great majority of my constituents—of the good work done by the international commission and particularly by General McNaughton, who is highly regarded in my constituency. Most of my constituents believe that his foresight, patience and firmness in years past have contributed in great measure to the respecting of Canada's right to the development of her own water works on the Columbia, and I think his position is now understood and appreciated to a much greater extent than it was a few years ago—to such a degree, indeed, that his arguments are now recognized as valid in the United States. And for the same reason that the United States authorities have the right to divert the waters which the Leader of the Opposition mentioned a few minutes ago, Canada has the right to divert the waters of the Columbia if Canada sees fit to do so.

I am one who hopes the government will be able to make an early arrangement which will be applied to all parties concerned for the commencement of the main dam on the Columbia river, wherever it may be located. I understand there is a possibility of shifting it a short distance upstream or downstream from the earlier projected Mica creek location. However, I have two questions to ask the minister.

Can the minister inform the committee what this money will be spent on? Are the surveys entirely completed? Will this money be spent just on details of the report and so on? I understand the report of the engineering board on the Columbia development is expected some time late this fall. I am sure that is the basic document upon which this government will formulate its plans and its policies.

My second question is this. I do not expect the minister to be a prophet or to venture into the unknown and unseen, but because of the great interest in this question could he tell the committee in general terms what steps the government proposes to take after it has studied the report of the engineering board and has the facts before it to further the development of the hydro resources of the Columbia in Canada?

Mr. Pearson: Mr. Chairman, perhaps before the minister replies I might make my observations on the same subject and he can deal with both of us at once. Before doing so may I join in the appreciation which has just been expressed for the work of the minister's officials in connection with this survey, which work has been as efficient as that of his officials in other branches of the department. I cannot give them any greater praise than that.

Perhaps the minister would indicate to the committee the progress which has been made in the survey in question, and perhaps also he would tell the committee whether pending the completion of this survey there have been any talks between the two governments on the diplomatic level to clear up some of the international legal principles involved, if

they need clearing up, and which perhaps could be done while the survey is going on, thereby saving time.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I should like to thank the hon. member for Kootenay West for his gracious words to a great Canadian. In answer to his question concerning what steps will be taken after the report is submitted to the government, I believe the obvious conclusion would be that it will be studied. I believe I have already indicated to the committee that an economic study is under way now, the report of which is just about ready for presentation to the government, as I understand it. With the new engineering study to review the findings of previous engineering studies and the economic study to which I have referred, it is a matter of the government making a decision on what is the best means of proceeding from that point.

In reply to the question asked by the Leader of the Opposition concerning what talks have taken place with respect to the legal principles at stake, the answer is that discussions have been taking place but there has not been an exchange of views on global positions. Rather, there occurred an exchange of general views on the positions of the two governments.

Mr. Pearson: Mr. Chairman, are these talks being held on the diplomatic level between representatives of the two governments or between officials of the minister's department and officials of the department concerned in Washington?

Mr. Hamilton (Qu'Appelle): This department does not carry out those discussions, but there have been discussions on the diplomatic level.

Item agreed to.

279. Fraser river—federal expenditures in connection with investigations to be carried out by Fraser river board, $95,000.

Mr. Regier: Mr. Chairman, I must admit frankly that I am confused, and I know it is because of my ignorance that I get a little mixed up. The Minister of Public Works has estimates relating to the Fraser river and the Minister of Transport has estimates relating thereto, and here I see that the Minister of Northern Affairs and National Resources is asking for the sum of $95,000 for what are described as federal expenditures in connection with investigations to be carried out by the Fraser river board.

I should like to ask the minister exactly what is the organization known as the Fraser river board. Is that a branch of his department? What exactly is it? What is the composition of the board? What is the investigation about? What is this board investigating? I notice that roughly $100,000 was voted under this item in each of the previous three years.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, these investigations were authorized by an order in council, No. 655, dated May 5, 1955. In general they are to determine what developments for the control of the water and incidental resources of the Fraser river basin in the judgment of the board would be advisable, practical and in the public interest, with particular reference to flood control and hydroelectric power generation.

The terms of reference contain such items as the following. There is reference to the fact that Canada and British Columbia shall share equally the cost of the said survey and report and the board shall render a preliminary report of its findings not later than June 30, 1958. I understand this has been received. It also provides that the board shall be terminated within a period of three months from the submission of the preliminary report unless the two governments agree that the board continue until the submission of the final report. In this case the two governments provided funds to ensure the continuity of the board following receipt of the preliminary report.

I should like to make a correction. I have just been advised that the interim report has been received, and it is expected that the final report will be received at the end of October.

Mr. Regier: Have these investigations anything to do with those currently going on at the University of British Columbia in connection with the same subject? Also, would the minister answer the question I asked previously concerning how this board is constituted?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the board is composed of four members, two from the province of British Columbia and two from the federal government, and the chairmanship alternates back and forth each year. At the present time an appointee of the federal government holds the chairmanship.

Mr. Regier: Mr. Chairman, I do not know if the minister is aware of the investigations that have been going on for the past several years at the University of British Columbia. There is a pilot project there largely financed by donations from private corporations to the university. Is this board acting in connection with that investigation? Is this one and the

same investigation, or are two investigations going on simultaneously, each doing basically the same work?

Mr. Hamilton (Qu'Appelle): I have to be very careful in speaking on this point, Mr. Chairman, because my information is not from this department. We understand the investigation referred to by the hon. member is to reconcile the fish interests and the power interests on the Fraser, and has nothing to do with our department.

Mr. Regier: Mr. Chairman, this investigation is concerned not only with the problem of fish versus power, but the pilot project in particular also deals with the problem of flood control. I regret that there should be an expenditure of public moneys for two investigations that are really doing very much the same work.

I know in more recent years the university investigation has paid a lot of attention to fish versus power. However, the initial project was concerned primarily with finding ways and means of controlling the waters of this river, and it was for this purpose that a large model of the Fraser river was constructed. If the Minister of Public Works would like to help us out so that we might have the record ironed out I have no objection.

Mr. Hamilton (Qu'Appelle): I understand, Mr. Chairman, it is not in this department, and I cannot give any more authentic information than I have given.

Mr. Regier: Has the Fraser river board any offices out in British Columbia out of which their engineers conduct their operations? If so, would the minister be kind enough to advise where they are?

Mr. Hamilton (Qu'Appelle): Yes, the offices are in Victoria.

Mr. Regier: Has the minister any explanation as to why the offices would be in Victoria rather than in New Westminster or Vancouver? It seems rather strange. Victoria is far removed from the scene of operations.

Mr. Hamilton (Qu'Appelle): The capital city of British Columbia is Victoria. Since they have their offices there they can utilize the provincial staffs and information which is collected there.

Item agreed to.

289. To provide for contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements that have been or may be entered into by Canada and the provinces, $9,000,000.

Mr. Dupuis: How will the minister proceed to make a suitable distribution of the $9 million among the 10 provinces?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, as I said yesterday on the opening vote in answer to the Leader of the Opposition and several other members, this vote is to meet the program of the government which calls for expenditures in any province up to the amount of $1,500,000 a year. The total for the 10 provinces would be $15 million for which we would be responsible, but because the program has just been worked out with the provinces we have no accurate way of knowing what the total will come to. The amount of $9 million was put in, in the working out of the estimates, as our best estimate as to what the amount would come to. As to each individual province, they have put forward programs of roads and we have accepted those programs. When the agreement is signed we shall pay the proportionate amount on the work which has been done this year.

Mr. McWilliam: I think the minister said yesterday in regard to New Brunswick that it had not yet taken on the full amount. I take it that probably final arrangements have not been made. However, I would like to ask the minister whether in the agreement that is being drawn up or has already been concluded, the Renous-Plaster Rock highway in New Brunswick is included in the access-road program.

Mr. Hamilton (Qu'Appelle): Yes; in accordance with the policy that I have tried to follow, if a road has been accepted it is included in the program, and that road, I am informed, has been agreed upon.

Mr. Rouleau: Can the minister tell me whether there have been requests from the province of Quebec?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Mr. Dupuis: Can the minister tell me, if there are no demands from the province of Quebec, whether he is going to put the money in a special fund until we have a government in Quebec that will likely ask for a share of those grants, as the previous government did with university grants?

Mr. Hamilton (Qu'Appelle): These are annual votes, and we will be very pleased to have Quebec come in.

Mr. Pearson: Is it from this vote that the cost of roadbuilding in the Northwest Territories is paid?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Mr. Pearson: Which vote is it, then?

Mr. Hamilton (Qu'Appelle): Vote 287, which deals with the Northwest Territories and the Yukon, and vote 284.

Item agreed to.

295. To provide for contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,650,000.

Mr. Roberge: Is the province of Quebec sharing in this one?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Item agreed to.

296. To provide for contributions to the provinces pursuant to agreements entered into or to be entered into, with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them in establishing forest access roads and trails for the attainment of adequate fire protection as well as other aspects of forest management, $1,000,000.

Mr. Roberge: May I ask the same question of the minister; is the province of Quebec taking part in this program?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Mr. Tucker: Mr. Chairman, I would be grateful if the minister would give consideration to some access roads in my riding of Trinity-Conception. I refer now to the Clarenville, Georges Brook and Trouty access roads. I know the minister must have the co-operation of the provincial government in this connection. I think my request will meet with the approval of the provincial government. I shall write the minister in connection with my request.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I gathered the general import of the hon. member's question, but there were certain parts which I just did not hear. This is the winter work program that was carried out last winter. We offered to the provinces, as a means of providing work in the winter months, that if they proceeded with a program of opening up forest access roads we would pay 50 per cent of the cost. This program ended on June 10 in all provinces. In answer to another hon. member yesterday I said that if it is the decision of the government to continue this plan it will be announced in due course.

Mr. Tucker: Do I understand that similar projects will be continued?

Mr. Hamilton (Qu'Appelle): It is a question of policy and, as I said, if it is to be done it will be announced by the government in due course.

[Mr. Pearson.]

Mr. Tucker: Thank you very much.

Item agreed to.

297. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $600,000.

Mr. McWilliam: Can the minister tell me what amount has been spent to date on the spraying of the forest lands in New Brunswick? I know this vote is to provide for a contribution to the province of New Brunswick. I would like to know whether that money is paid directly to the province or to the forest protection association which is carrying out this work in conjunction with, I think, representatives of three or four of the major pulp and paper industries in the province of New Brunswick. I am wondering what are the mechanics in regard to payment, and whether the vote has been spent to date?

Mr. Hamilton (Qu'Appelle): The moneys are paid directly to the province. The total up to March 31, 1957, was $2,264,270.56.

The amount that it is estimated will have been spent up to March 31, 1958 is $3,250,000. That, of course, is an estimate.

Mr. McWilliam: Will the minister tell me if he has any information with regard to whether this operation is now approaching completion? Is it the case that the task will soon be accomplished, or will it be a continuing one? I am not sure whether the minister can answer that, but maybe he can give me some enlightenment on the matter.

Mr. Hamilton (Qu'Appelle): This matter concerns the forest biologists. They are not completely certain that the program will definitely be wound up this year, but will be advising us later. The general feeling is one of optimism that this is the last year the program will have to be carried out.

Item agreed to.

Canadian government travel bureau—

303. To assist in promoting the tourist business in Canada, including grant of $5,000 to the Canadian Tourist Association, $2,182,206.

Mr. Rouleau: What is the procedure followed in awarding advertising contracts to magazines and newspapers?

Mr. Hamilton (Qu'Appelle): The policy of the government has been to divide its advertising, and there are three firms with which we deal under this vote, Locke-Johnson and Co. Ltd., Harold F. Stanfield Limited and F. H. Hayhurst Co. Limited.

Item agreed to.

507. To provide for advances in accordance with agreements entered into or to be entered into pursuant to the Atlantic Provinces Power Development Act, $11,329,000.

Mr. Robichaud: I have a few questions to ask the minister, and all I want is short replies. I do not want him to take 15 pages of *Hansard* or 25 per cent of the time as he did yesterday. Can the minister tell the committee what portion of the vote of $3,410,000 for 1957-58 was spent last year?

Mr. Hamilton (Qu'Appelle): The shortest answer I can give is that this question was answered in the standing committee.

Mr. Robichaud: Mr. Chairman, we are in committee of supply and I think we have a right to an answer. I should like to know what part of last year's estimate was expended last year, and also how much of the $11,329,000 allotted for this year has been spent to date.

Mr. Hamilton (Qu'Appelle): It is taking some time to dig up the answer from the minutes of proceedings and evidence of the committee. If my memory serves me correctly, I think the answer given at that time was that nothing was spent last year but that it is revoted this year. Up to the present no money has been spent, but the work is proceeding.

Mr. Robichaud: The minister has just said that the work is proceeding. If work on the construction of thermal plants in New Brunswick is proceeding, can the minister now advise the committee if a specific agreement has been signed with the province of New Brunswick for the construction of the East Saint John plant?

Mr. Hamilton (Qu'Appelle): No, the contract is still under discussion.

Mr. Robichaud: In reply to a question which I asked the minister on Saturday, July 26, the house was informed and the minister admitted that tenders had been called for equipment for the East Saint John plant. I understand that tenders have already been awarded for equipment and machinery such as boilers, generators and so on. The main agreement signed with the province of New Brunswick on February 14, 1958 was tabled in the house as sessional paper No. 110, and in paragraph 5 under the heading "Construction" it states:

The assistance in respect of the construction and equipping of power projects will be given by Canada through the northern Canada power commission pursuant to agreements from time to time entered into between the northern Canada power commission and the New Brunswick electric power commission in respect of specific power projects only.

Paragraph 6 reads as follows:

The approval of the time, need for, location, use, type, design and specification of each power project by the northern Canada power commission, upon application by the New Brunswick electric power commission, shall be a condition precedent to the provision of assistance by Canada. Such approval shall not be unreasonably withheld.

According to the minister's statement work is now proceeding, tenders have been called and awarded, and no agreement has been signed between the government of Canada and the province of New Brunswick. Would the minister comment, please?

Mr. Hamilton (Qu'Appelle): The hon. member has read from the records that have been submitted to the house and they are quite accurate. At the present time the agreement is being negotiated, but every one of these tenders has been agreed to by the northern Canada power commission with the understanding that when the final agreement is signed payment will be retroactive. We did not want to hold up progress on this development. It is the same principle that we are using in connection with roads to resources. When we agree on a certain thing they go ahead on the understanding that it will be accepted as charged to us.

Mr. Robichaud: I am sure the minister is also aware of paragraph 8, subparagraph (c) of the main agreement, which reads in part as follows:

—whereupon the northern Canada power commission will at its own expense and in accordance with the design and specifications as approved construct and equip the power project.

Apparently construction and equipment of the project are being carried on by the province of New Brunswick. Could the minister advise the committee if the plans and specifications for this project have been entirely completed and if they have been approved by his department?

Mr. Hamilton (Qu'Appelle): The plans are not entirely completed, but all plans that are completed have been approved by the northern Canada power commission.

Mr. Robichaud: In other words this is a project in which the federal government is interested and the work is being carried on before the plans have been completed. This is something about which we have heard a lot in the last few days in the deliberations of a certain committee.

Item agreed to.

Northern administration and lands branch—

584. Branch administration—further amount required, $59,440.

Mr. Fisher: I have one question I want to ask the minister. I have heard about a fairly

new revolutionary instrument in surveying called the tellurometer. It is supposed to give a much more accurate control of mapping and surveying. I was wondering whether his department is doing any research with this particular instrument, or is planning on using it in its northern operations.

Mr. Hamilton (Qu'Appelle): Our department is very much interested in any new device for accurate mapping and surveying. As the hon. member knows, this is more properly a question for the Department of Mines and Technical Surveys. I have no specific information that the Department of Mines and Technical Surveys are dealing with this particular new development.

Mr. Fisher: Is not your forest survey branch doing some work in the northern part of the country in relation to surveys? What I mean is this. Is it the Department of Mines and Technical Surveys that is looking after this aspect?

Mr. Hamilton (Qu'Appelle): There is a little difference here. We are doing surveys in the north in relation to quantities of lumber under forest inventory. I thought the hon. member was referring to some development in connection with contour locating on maps. I understood that was what the hon. member was asking about.

Mr. Fisher: My understanding is that this is one of the most revolutionary advances that has ever been made in mapping and surveying. I was just curious as to whether the minister's department was on to that development and was trying to find out whether this particular instrument can be useful in this country.

Mr. Hamilton (Qu'Appelle): The information that my officials give me is that these base maps for the forest survey are made by the Department of Mines and Technical Surveys. As for the equipment in use there, we have no official information.

Item agreed to.

586. Construction or acquisition of buildings, works, land and equipment—further amount required, $3,500,000.

Mr. Pearson: I take it that this item, along with the parallel item in the main estimates, would cover roadbuilding in the Northwest Territories. I should like to ask the minister a question. It is not concerned with the importance of roadbuilding for development purposes, which we all recognize and which has never been denied by anybody. Under this item I should like to ask him whether he can inform the committee in at least general terms how much employment has been given under roadbuilding activities in the Northwest Territories since the beginning of the year.

Mr. Hamilton (Qu'Appelle): I had this information yesterday, Mr. Chairman, and then I lost my papers. But the total for our department and D.O.T. is approximately 2,000 on construction.

Item agreed to.

DEPARTMENT OF LABOUR

General administration—

170. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences (also includes the former Labour Gazette, Women's Bureau and manpower utilization votes), $1,067,166.

Hon. Michael Starr (Minister of Labour): Mr. Chairman, in rising to deal with the estimates of the Department of Labour and the unemployment insurance commission, I should first of all like to express my appreciation to the chairman and members of the committee on industrial relations. This committee has already considered these estimates and I would say, Mr. Chairman, that they have made some helpful and useful suggestions. However, on these estimates of the Department of Labour and the unemployment insurance commission I am sure members of this house in committee will have other questions to ask, and I shall try to be as helpful as I can in supplying the answers, with the advice and co-operation of my officials.

The total of these estimates, including the Department of Labour and the unemployment insurance commission, comes to $84,891,842, of which $71,359,500 relates to the unemployment insurance commission and $13,532,342 to the Department of Labour. The estimates of the Department of Labour exceed those of last year by $2,086,210, and those of the unemployment insurance commission are greater by $199,301 than last year.

Supplementary estimates totalling $1,547,435 are also being requested, bringing the total requirement to $86,439,277, an increase of $3,832,946 over last year for both departments. Of this amount, some $2 million is required to provide for expanded vocational training agreements with the provinces. There is also an increase of approximately $1 million in the government's contribution to the unemployment insurance fund.

Owing to greatly expanded activities, there is an increase of $676,000 in administration costs of the unemployment insurance commission. Hon. members will recall that an effort is being made to emphasize job-finding activities of the commission. This effort will be continued and augmented.

I should like briefly to touch on some of the programs in my department which are included in the estimates now before the house. In the field of industrial relations we are facing a situation where a number of one-year and two-year labour agreements have lately terminated or will terminate in the next few months. As a result of this fact, conciliation proceedings are under way in a number of different fields of industry. I might mention at this time that during the year a total of 117 disputes in industries under federal jurisdiction were dealt with by the officers of my department. Of these, 53 were settled by these officers and 22 by conciliation boards. The others were in various stages of conciliation as the year ended.

Coming to the Industrial Relations and Disputes Investigation Act, may I say that I have given notice of my readiness to consider amendments to this act and that a number of suggestions have been received and are being considered at the moment.

I am still waiting for three major national organizations which have been requested to submit their recommendations, but to date I have not received them. However, on checking into the matter I find that they are in the process of completing their recommendations, and that they should be within my hands within the next few weeks.

Another matter which has been of major concern to my department has been the elimination of discrimination, whether it is based on race, religion or colour, throughout the labour field. It is my intention to set up a consultative committee representing interested groups to advise upon the administration of the fair employment practices act as it relates to discriminatory practices in industry.

One of the most important programs of the department is that concerning the rehabilitation of persons disabled or inhibited in one way or another from following their normal pursuits and earning a living for themselves and their families. It is encouraging to note that in this connection we have particulars of 1,055 persons who have been returned to useful employment during the last fiscal year. Previously the majority of these people were supported by public assistance, though this figure does not, of course, include all those who were to a greater or lesser degree assisted under this program.

In the civilian rehabilitation branch, in order to carry on the services rendered we are making provision for two additional employees to assist in the placement of older workers. This has been an aspect of labour problems in which I have been very interested for quite a number of years. Because of the practice of certain industries of specifying certain ages, they have thereby eliminated many useful persons from employment. We are concentrating on this aspect of the matter by endeavouring to institute an educational program for employers, and by pointing out to them that the ability of a person is in no way diminished as the result of age but that in some respects the workmanship of an older person offers a great deal to a prospective employer.

As hon. members are well aware, my department carries on an extensive public information program relating to winter employment, and we have included in these estimates an amount of $150,000 for the continuation this year of this program. I might mention that in pursuance of this objective of alleviating and improving the winter employment situation I called a conference in Ottawa. This conference was attended by representatives of provincial labour departments, national organizations and others interested in finding a solution to this pressing problem. The recommendations of the conference are now being studied by my department and will shortly be submitted to the government for active consideration.

I think I can say however, that the conference did serve to heighten the realization of the extent of this problem and to place the problem squarely before a number of persons and groups in a position to take concerted action in order to deal with it. As a result of the conference I think there is a greater awareness of the whole situation, and that there will be the maximum degree of co-operation from provincial labour departments, labour and management groups and other interested bodies in order to evolve measures by which to deal with the situation.

Another matter with which my department is concerned is vocational training, and new agreements have been reached with the provinces which call for further federal expenditure in this field. I do not think I need to emphasize in this house the importance of programs to provide increased facilities for trade and technological training in this country. Hon. members are aware, as I am aware, of the need for adding to the pool of trained and skilled labour in Canada, and I do not think I go too far in describing this objective as a national necessity.

In respect of this field of vocational training I should like to bring to the attention of this house the fact that the existing agreements will make available a total of $40 million from the federal government to the provinces over the next five-year period. Of this amount $25 million will be allotted for buildings and

equipment and $15 million for operational expenses on a matching basis.

The Department of Labour is also continuing to study the effects upon industry of recent technological changes including automation, and I feel the results of these studies will have a useful application in determining the effects of such changes on manpower and training needs for the future.

Returning now to the unemployment insurance commission, I would like to point out that there were several extensions of seasonal benefits last year and this year, and that discriminatory regulations against married women were removed. Fishermen were brought under this act, and added administrative requirements in connection with these changes account in part for the increased costs relating to this department. In connection with the unemployment insurance fund, I tabled a report on July 10 which gives the current state of the fund, and the table relating to the fund can be found on page 2137 of *Hansard* for that date.

In order to emphasize the job-finding function of the national employment service I am asking this year for 150 new positions for placement personnel, and provision for this will be found in the supplementary estimates of the unemployment insurance commission. The purpose of this additional staff is of course so they will be able this winter to activate the job-finding program of the national employment service, which will mean that we will not be content merely to pay benefits but that a positive and energetic effort will be made to place people who are without jobs.

Mr. Pearson: The committee will have listened with interest to the statement the minister has just made on the first item of his estimates, which gave him an opportunity to discuss generally the work and the problems of his department. I think the committee will have been struck by the fact that although he spoke on a good many matters—not, of course, in detail—he did not deal at this time with what I consider to be the most pressing matter from his point of view and that of his department, namely the problem of employment and unemployment. Perhaps he intends to do this later after he has heard from us.

The minister mentioned the desirability of removing all discrimination and the further steps he is taking to ensure that this will be done. I am sure he will get general support from this house in the achievement of that most important and desirable objective. He also mentioned the work of his department in respect to rehabilitation of and work for the handicapped, which is also important and must commend all our support and sympathy. He also mentioned the problems of the older workers, which make an appeal to our sympathy, especially those of us who will soon be joining the ranks of the older workers. Then he just touched upon one of the most important of all labour problems, which is very much in the minds of labour at the present time in view of technological developments in our industrial society, the problem of automation. We in this party have already given an indication of our realization of the importance of this problem by certain concrete suggestions we have made as to the responsibility of government in meeting it. It is certainly something which will have to increasingly engage the attention of the Minister of Labour and the Department of Labour.

The minister also mentioned—he did not do much more than mention—one of the most basic problems of all, a problem very much in our minds at the present time, that of industrial relationships. He called attention to the fact that this problem is looming up at the present time in certain specific respects in the form of the renegotiating of contracts between employers and employees in some of the most important industries in this country. There is no doubt that problems in this field, dangers in this field, are looming up, and if these problems are not solved and these dangers are not averted they will certainly add to our economic difficulties at a time when we already have enough economic difficulties. As the Prime Minister has said, and as I think the Minister of Labour has also said, the solution of this problem of industrial relationships at this time will require a sense of responsibility and restraint, and the exercise of this responsibility and restraint on the part of all concerned.

It seems to me that the basic problem of labour relations is more and more becoming one of the confrontation of huge corporate structures representing a concentration of great power—power not always controlled entirely in Canada—by huge union structures representing also a concentration of great power also not always controlled entirely in Canada. In this situation, which is very different indeed from the unbalanced one of say 50 years ago, then so heavily weighted against labour, both sides must recognize that new circumstances have developed and a new situation has arisen because of the growth of our industrial structure and the concentration of industrial economic and financial power into fewer and fewer hands.

As long as this is the case, and it is inevitable that corporations should develop in this way, surely both sides must recognize

that this has created new problems. It emphasizes in our minds not only the necessity for conciliation and solution but also the priority of the public interest. Governments —in some cases in this field provincial governments, and in other cases the federal government—are the guardians of the public interest. In the discharge of that guardianship, that responsibility, governments I think have a duty to emphasize the necessity for social control, in certain circumstances, as a recognition of that public interest. Certainly, as I am sure the minister himself is very much aware, this situation has thrown new responsibilities on government as well as on workers and employers. Perhaps it necessitates a new approach to labour problems by government, one that will certainly preserve the rights of both sides, but subject always to the public interest.

I was glad to hear, and I am sure the committee was glad to hear, that recognition has been given to the seriousness of this problem; recognition of the desirability, perhaps, of a new approach to the problem of industrial relationships by the Department of Labour, and that ideas have been asked for by the department which would help them in the changes that may be required in the industrial relations act. Undoubtedly in view of this changing situation some changes are required to expedite and make more effective conciliation procedures, so that we may not be increasingly confronted with emergencies when those procedures have broken down, with the government having to step in and intervene by methods, at times, which no government desires to use or to be put into the position of having to use.

One could talk on this subject for a long time, and I have no doubt that some of my colleagues in my own party as well as members of the other opposition party will be discussing this aspect of the question. In the course of the remainder of my remarks, which will not be extensive, I propose to concentrate on unemployment. I hope to discuss the present situation in a way which may assist in steps which, perhaps, the Department of Labour can take toward meeting it. In view of the fact that I am now beginning a new subject, may I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pearson: Mr. Chairman, at the luncheon recess I had reached the point of discussing a matter which, of course, is of primary importance to the country and of equal importance I know to the minister and the Department of Labour, perhaps our most serious domestic problem, that of unemployment. As a matter which so directly concerns the Department of Labour and these estimates, I propose to deal with the present position as I see it, to discuss it frankly, but neither to make statements which I believe are not accurate or distort those I do make.

It is quite true that in recent weeks our economy in the face of deflationary pressures has shown a strength and resilience in some sectors which must be encouraging to all Canadians. It has also, of course, shown weaknesses, and those weaknesses are perhaps best illustrated by the employment picture in this country at this time. The situation I admit, and I have always admitted, is difficult and confused and in some respects almost contradictory. We have before us, and it is being emphasized more and more when discussions related to it take place in the house, a real and perhaps even a growing danger of inflation. The latest indication of the importance of that danger to the south of us—and whatever happens down there in these matters certainly affects us—is that today the federal reserve system in the United States has increased its discount rate through the federal reserve bank in San Francisco—and that will be followed I am sure by other banks—from 1¾ per cent to 2 per cent. The continuing danger of recession in the midst of this inflationary danger is shown, as I said, by the unemployment figures.

The two dangers, then, face us at the same time. I know, as other hon. members know, that this has certainly made it difficult for a layman to understand what is going on and what should be done to meet it. It has also confused the experts and the economists. We should, in fact we must face up to both these trends and try to analyse them in the hope that by a sober and intelligent analysis we can do something about them. However, parliament or the government cannot do anything about this problem if the existence of the problem and the dangers inherent in it are not recognized.

In attempting to assist in that recognition by producing facts which bear on it, we on this side of the house are continually charged with being promoters of doom and gloom and of shedding crocodile tears. Well, Mr. Chairman, this does not worry us, and it is not going to deter us from doing our duty as an opposition as we see it. But because these charges are continually levelled at us when we talk about the employment picture it makes it necessary for us to continue to

expose the insincerity of those charges by recalling the attitude of hon. members of the present government when they were sitting on this side.

I recall that at a time when winter unemployment in this country was under 200,000 the present Minister of Public Works moved and the present Prime Minister seconded a resolution which demanded the immediate appointment of a select committee to examine and do something about the unemployment situation which, in the words of the present Prime Minister as found at page 2099 of *Hansard* of February 15, 1954, was comparable to that of the beginning of the great depression. If hon. members will refer to page 2085 of *Hansard* of February 15, 1954, they will find a record of the discussion relative to the resolution to which I have referred.

During the 1955 session the opposition of that day demanded that a dominion-provincial conference on unemployment be called. My hon. friends may recall that they demanded it in very strong terms, and vigorously condemned the government of the day for not calling it. They made this demand at a time when the unemployment problem was less than half as serious as it is in 1958, and when it was a problem which this country pretty quickly solved.

Furthermore we should not forget that in those debates on unemployment in previous sessions the opposition of that day never failed to use the higher national employment service figures to support and at times exaggerate their claims. My hon. friend the Minister of Labour used to use those figures regularly, but I suppose when he talks on this matter later in this debate he will probably use the lower figures published by the dominion bureau of statistics.

When I have talked about unemployment inside and outside the house I have always used the dominion bureau of statistics figures, and when I have used the national employment service figures it has never been by themselves. There are two sets of figures, and perhaps neither gives the exact picture of what is happening. One set may exaggerate in one direction and one set in the other, but if the figures we have before us now, from whatever source they may come, turn out to be exaggerated and the dangers which are inherent in those figures turn out to be dangers which will be met and removed, then everyone in this committee and in the country will rejoice at that development. Meanwhile it is our duty to warn the government of the possibility of these dangers and try to convince it that something effective must be done to meet them through wise government policies.

[Mr. Pearson.]

I suggest it cannot be denied by any unprejudiced observer that we have been going through the worst period of unemployment since the depression of the thirties. Hon. members of the government I know will surely admit that now, even if they did not admit it in the debates in this house during last session. The members on the treasury benches have certainly changed their attitude on this question, because in the autumn session last year they did not give this house any indication that they appreciated the dangers of mounting unemployment. When they had to admit an abnormal situation had developed they tried either to minimize the seriousness of our economic troubles or else they claimed that unemployment was decreasing.

It is very interesting also to quote in this connection what various ministers had to say about this issue during the election campaign. As we are discussing the estimates of the Department of Labour perhaps I should limit myself in this regard to three statements made by the Minister of Labour. On February 20 he is reported as having said in Woodstock, Ontario, on February 19, the day before, and I quote from the Ottawa *Journal* of February 20:

> "We believe unemployment is our responsibility and as long as one Canadian is unemployed we intend to do something about it."
>
> We also attacked the former government's "tight money" policy as contributing to unemployment.

That is a remark which inspires certain ironic reflections in the light of what has happened in the last month or two. Then he said:

> We gradually eased the tight money policy, dropping interest rates.

No doubt that was in the interests of creating employment. Well those interest rates have been increased by the present government since that statement was made. Then the Montreal *Gazette* of March 20 quotes the minister as saying:

> Federal labour minister Michael Starr predicted last night the present unemployment situation will end by mid-June.

I shall have something to say about that in a moment, based on the official statistics on the subject. Then on March 28 the minister is reported by the Toronto Daily *Star* as having said:

> Mr. Starr said that both he and the Conservative party had "great confidence in the future" and predicted that through various campaigns to be instigated this coming year, the problem of seasonal unemployment would be eliminated.

I hope the minister is right, but I suspect he will find it a little difficult to eliminate the problem of seasonal unemployment. While the Minister of Labour was saying during the

election campaign that unemployment would have disappeared by mid-June, the Minister of Finance in his budget speech, parts of which we have heard twice in this house, said as quoted on page 1233 of *Hansard*:

> Once again the latest figures are encouraging, showing a rapidly narrowing gap in the percentage of unemployed as compared with a year ago.

I suggest, Mr. Chairman, with all respect to the Minister of Finance, that that is a misleading statement in the light of the official statistics on this subject. To support what I have just said we should look at the current situation as described by those official statistics, in order to see if those optimistic statements made by ministers are justified. For the purpose of the comparison I would like to make, I intend using the dominion bureau of statistics figures which certainly do not exaggerate, to say the least, the unemployment problem. In order to prove the points I want to make I should like at this stage to ask permission to insert a series of official statistics from the bureau of statistics, *Canadian Statistical Review,* which show for the first six months of 1957 and 1958, the number of persons in Canada having jobs, the number of unemployed and seeking work and the percentage of the total labour force unemployed. The statistics follow:

EMPLOYMENT AND UNEMPLOYMENT IN CANADA FOR THE FIRST SIX MONTHS OF 1957 AND 1958

('000 omitted)

—	With jobs		Without jobs and seeking work		P.c. of total Labour force unemployed	
	1957	1958	1957	1958	1957	1958
January	5,393	5,371	303	520	5.3	8.8
February	5,362	5,314	323	555	5.7	9.5
March	5,373	5,317	343	590	6.0	9.9
April	5,442	5,453	306	516	5.3	8.6
May	5,687	5,665	194	366	3.3	6.1
June	5,834	5,794	162	320	2.7	5.2

These are official figures, Mr. Chairman, from the publications of the bureau about which I should like to make some observations. To begin with, let us look at the employment side. It can be seen from these figures from the bureau of statistics that the level of employment, not unemployment, has been lower in 1958 than it was in 1957 for all the months covered from January to June, except April. In January, 1958, there were 22,000 fewer people with jobs than in January, 1957. That figure was 48,000 in February and 56,000 in March. In April the trend was reversed and there were 11,000 more people with jobs than in April, 1957; but again in May, 1958—and this is significant—the figure was lower than in May, 1957, by 22,000, and in June it was lower by 40,000.

These figures, I think, lead to two conclusions. First, on the average for the first six months of this year, total employment has been lower than in 1957. This certainly must emphasize that we are in an abnormal situation, especially as you have to relate these employment figures to the increase in the labour force and the natural increase in population and the increase last year by immigration. With all that, our employment figures on the average for the six months of 1958 are lower. Second, since the month of April the employment gap, expressed in absolute terms as between 1958 and 1957, has been increasing. This means, I suggest, that the optimistic statements made by the Minister of Labour and the Minister of Finance are not supported by the facts and by the most recent information available to us.

Let us look at the unemployment situation, Mr. Chairman. Of course the number of unemployed, according to dominion bureau of statistics figures, has been decreasing steadily since March, 1958. That was to be expected with the seasonal pick-up, and we can all take satisfaction from that decrease. But perhaps it is more significant to consider

the gap in the percentage of unemployed this year as compared with last year. That gap is measured by dividing the percentage of the total labour force unemployed in 1958 by the same figure for each month in 1957.

If you apply that simple arithmetic you find that in January, 1958, the percentage of unemployed was 66 per cent higher than the year before; in February, 66 per cent; in March, 65 per cent; in April, 62 per cent. The figure went down a bit in April. In May it was 85 per cent higher and in June 92 per cent higher, and June is the last month for which figures are available. One cannot get very much comfort out of these facts. In other words, since April, 1958 the gap in the percentage of unemployed as compared with a year ago has been rising, and it has been rising significantly.

Now, surely this most important fact—and it is an important fact, and I am quite sure it worries the minister as much as it worries us—is in direct contradiction of what the Minister of Finance said in his budget speech at page 1233 of *Hansard,* which I have already mentioned and which was repeated in this house at page 3103 of *Hansard* as recently as August 5, when he quoted the unemployment figures for the month of June. On that last occasion in August he said, without, in my view, any regard for the facts:

> These figures indicating the decrease in unemployment are, I think, figures that fully bear out what I had to say in the budget speech when I said, as found on page 1233: "Once again the latest figures are encouraging, showing a rapidly narrowing gap in the percentage of unemployed as compared with a year ago."

The figures I have quoted, Mr. Chairman—and they are official figures—show that the gap is not narrowing; it is widening.

My observations up to now have been limited to the unemployment situation as it has developed over recent months, and have been based exclusively on the most conservative figures published by the dominion bureau of statistics. I suggest that these statistics emphasize that the situation is still serious and I hope I will not be accused of presenting a gloomy picture merely because I put these figures on the record.

Now, what can we expect in this regard for the rest of the year and the beginning of 1959? Well, Mr. Chairman, I am not going to make any forecast about the unemployment situation in the immediate future. The responsibility for doing that and for giving the unemployment outlook to the house is, of course, that of the minister. Perhaps he will give us as clear and frank a statement as he can on this very important matter and on the policies the government intends to initiate in order to cope with what I believe to be a continuing and serious situation.

Before the minister makes that statement I should like to give him some indications that might be of assistance to him in his presentation. In the first place I want to point out that according to our usual seasonal pattern in Canada—and this is, of course, to be expected—unemployment reaches its lowest levels in June, July, August and September. That has been the pattern over many years. But then it starts to rise again, even in periods of boom and prosperity, until the following April. In 1957, for instance, the percentage of the total labour force unemployed reached 2.7 per cent in June and remained at about that level for the following three or four months until it climbed to nearly 10 per cent, under the D.B.S. figures, in March, 1958. When the minister presents his employment outlook he will no doubt take into account the fact that in June of this year the percentage of unemployed was 5.2 and not 2.7 as it was last year.

In the second place, I am wondering whether or not the minister has studied the situation in the light of the conclusions of the famous hidden report, the "Canadian Economic Outlook for 1958". If he has he should then be in a position to answer some of the questions raised in excerpts from this report which have appeared and which have a very important bearing on the labour and employment situation in the country. One excerpt from the report reads:

> In view of the downward momentum now present in the economy it is questionable whether any firming trend in the latter part of the year would be sufficient to bring over-all production for 1958 as a whole up to the level of the preceding year.
>
> Meanwhile, available manpower, plant and other productive facilities will continue to increase. This means considerable slack is likely to persist in the economy throughout 1958 with unemployment remaining well above the level of any preceding post-war year.

Then another excerpt from the report:

> Since this was written a large number of returns from the July survey have been received. Eighty per cent of the industries have revised their employment forecasts downward over the past three months, with the downward revision of total employment being about 2 per cent.

The estimate of average unemployment for 1958 as forecast in the "Canadian Economic Outlook" was 425,000, an increase of 67 per cent over 1957. I ask the minister whether he thinks this figure is too high. If he does, undoubtedly he will tell us and it will be a reassuring statement from him. But does he really think this 67 per cent increase over 1957 is too high when for the first six months of 1958 the percentage of unemployed on the average has been 72.6 per cent higher than for the corresponding period of 1957? If the

minister feels that the figure of 67 per cent as an average over the year is not too high, it represents a serious situation which challenges all of us to do something about it, and which certainly challenges the government. Before this item is carried, perhaps the minister will tell us what the government proposes to do about it.

Before answering these questions, the minister might like to recall again what he and his colleagues used to say about unemployment when they were in opposition and during the election campaign. Before I sit down I should like to refer him to a statement attributed to him in the Winnipeg *Free Press* of March 5, 1958, in these words:

> It is our duty to see that no Canadian suffers a single loss of a job this year.

If the minister finds some difficulty in telling us how the government is going to meet this responsibility, and I can understand the difficulty for it is certainly not an easy problem, perhaps he might discuss this issue with his colleague the Secretary of State for External Affairs. I know he is engaged on important work in New York at the moment, but during the election campaign the Secretary of State for External Affairs had a very simple solution to the unemployment problem, because the Saskatchewan *Star-Phoenix* of March 15 reports him in this way:

> External affairs minister Sidney Smith told a Saskatoon audience Friday evening, jobs were the immediate solution to unemployment in Canada.

There is no doubt that is true. Jobs are certainly the answer to the jobless, but what are the policies of the government which it is hoped will provide these jobs in the months ahead? It is the answer to that question that we would like to get. We would at least like to hear from the minister on that question before this estimate is passed.

Mr. Crestohl: Mr. Chairman, I should like to address myself for a few moments to one phase of the minister's opening statement which over the years has not, in my humble opinion, received the attention from parliament that it deserves. I want to speak for a few moments about our vocational training program. In his opening statement the minister announced to the house, and I have also noted in the report of the director of vocational training, that $40 million is being set aside for vocational training in the coming year, but the strange thing is that of that amount $25 million is being devoted to capital assistance toward the building and equipment of schools and only $15 million for training and education.

I consider that for a country like Canada $15 million for training our youth in trades in technical schools is indeed a very paltry amount, and it is distributed amongst the provinces of Canada to such an extent that it cannot really make a serious impression in any province. To me it appears to be somewhat of an excuse for us to be able to say that we are doing something about vocational training. It is like going over a subject once very lightly.

In my opinion the problem is certainly deserving of much more serious attention. It is a national problem, and if the minister and his officials will really think deeply about it I believe they will come to the conclusion that we have sort of been glossing over it. I think we have been delinquent in training our people to keep abreast of technological improvements, automation and inventions in all industries, and unless our workers are trained to keep up with the progress of the times our industries will fall very far behind.

It is true that some contributions are made. I do not know why some provinces insist on thinking of this matter in terms of education and refuse certain subsidies, as some provinces have refused them. This matter too might fall under the heading of education. I would address myself to hon. gentlemen in the province of Quebec and ask them to consider seriously this matter of whether we are not delinquent in the province of Quebec in the matter of the training we are giving, realizing of course that education falls entirely within the jurisdiction of the province. However, this is something that falls under the heading of labour. Unless we are going to train our youth and give them facilities with which to keep abreast of the modern advances of science, certainly our skilled labour will be falling far behind.

I should like to suggest to the minister—and this is a humble suggestion—that the Department of Labour, under his guidance, create in Canada one central training institute where we will train not necessarily skilled labour but teachers. We should have a vocational teachers' training institute so that the very best teachers trained in the central school may go to the different provinces and the different institutes. There, with their training as skilled teachers, they may be able to do a much better job than is being done now.

What happens at the present time? The technical schools or the trade schools in the various provinces call in individuals who may be excellent craftsmen. They may be excellent in their own industry but they are not necessarily good pedagogues; they are not necessarily good teachers. I do not think they have the fullest ability to get across to pupils in the way a trained pedagogue can.

If the Department of Labour would take a proper view of vocational training in Canada much could be done. Of course, as I said before, I consider its present program merely an excuse for saying "We are doing something about it". Actually I think we would blush if we compared our efforts in the matter of vocational training with the effort of other countries. Very respectfully and seriously I suggest to the Minister of Labour that here is an opportunity to develop in Canada a program of vocational training, not only by going into the provinces with petty subsidies as we are doing now but by creating an institute for teachers.

I happen to know something about the matter because I am connected with a vocational training organization with schools in various countries in the world. I speak from some experience. That organization has a teacher training institute set up in Geneva. What they do there is train people. The graduates of that institute then travel to various countries and to the various schools. They are expert teachers in vocational training. I think this step would be welcomed by industry in Canada. I feel confident, and I think the minister will agree with me, that industry in Canada could benefit from more skilled labour. I do not know how many hundreds or how many thousands of these skilled technicians from other countries are now in Canada working on Canadian projects.

I do not deride this fact. I think they are necessary. I think they are doing a magnificent job for industry in Canada, but why should we not have our own people trained to do that work? Labour would welcome it. I feel certain that labour would subsidize such a central teachers institute. Labour certainly would create bursaries and scholarships and encourage it in every possible way, if approached, because it is to their benefit. Industry is seeking trained help. Shortly after the war there was a dearth of trained labour in the country and the minister will recall that we sent team after team—I refer to Canadian teams—over to Europe in order to seek out skilled labour there.

Whilst we have been following a program of vocational training in Canada, I direct my appeal again to the minister to think very seriously about this project of creating in Canada an institute for teachers of vocational training. We have, for example, schools or institutes in which we train teachers to go into the elementary schools to teach our children. They are trained teachers; they are trained pedagogues. We have institutes in which we train people to enter the universities in order to train our people in the higher fields of education. But in the field of vocational training or technical training we have been greatly delinquent.

I do not lay this fault at the feet of the present administration; past administrations must certainly assume some responsibility. But I really think now is the time, when Canada has grown up, to take this step. We need a great deal of skilled labour in Canada. We cannot get it, Mr. Chairman, to the extent that we shall require it unless we create an institute that will train the appropriate teachers to go back into our various provinces, since they control the vocational training schools, where they will qualify our people for that service.

Mr. Regier: Mr. Chairman, I am pleased to associate myself with what I understood to be the recommendation of the hon. member for Cartier. Having been connected with education for a number of years in Canada I have long realized the need for a training school for our technical teachers. The atmosphere that would prevail at such a training school varies so much from the regular academic normal schools that I think the proposal put forward by the hon. member, namely that we establish at least one national training school for vocational teachers, is worthy of the most serious consideration. I believe it would greatly assist in supplying those teachers which at the present time are in meagre numbers.

I should like to congratulate the minister —this is the first occasion on which I have had the opportunity to make any reference to him—on his attitude since becoming Minister of Labour. He has always been extremely modest. He is one cabinet minister that you can expect to find almost anywhere in Ottawa. He lives with the people whom he professes to serve. He makes a great effort to maintain contact with the ordinary taxpayers of Canada. I feel that his example might well be emulated by other cabinet ministers. With his approach to human beings and human problems, how in the world he finds himself in the ranks of the Conservative party is something I have never been quite able to figure out. However, he is there and I know that his presence will be an influence for good.

I hope the Minister of Labour will not look upon everything we say as his own personal and sole measure of responsibility. I have always regretted—and I said this previously when Hon. Milton Gregg was minister—that we seem to throw all the blame for unemployment on whoever happens to the Minister of Labour, whereas actually unemployment as such is more the major concern of the cabinet as a whole, including

such men as the Minister of Finance, the Minister of Trade and Commerce and the Minister of Agriculture. These men actually have more to do with the level of employment in the nation. Yet somehow or other the Minister of Labour is the minister whose estimates are before us when we talk about unemployment, and he always has to take it in the neck for whatever is wrong in the employment field.

Partly to refresh the minister's memory, I would like to refer to an article which appeared in the Montreal *Gazette* of October 17, 1957. As the minister will remember, that was shortly after the house opened and when he first became Minister of Labour. The headline was "Job Threat Met", and the article read as follows:

> Labour minister Starr was ready in the commons when Erhart Regier (C.C.F.—Burnaby-Coquitlam) asked what steps the government is taking to alleviate "a rapidly growing unemployment problem".
>
> In quick succession, Mr. Starr listed what the new Progressive Conservative government has done:
>
> 1. The government has started up its strive for a greater construction program.
>
> 2. National employment service offices have been ordered to step up the tempo of finding jobs for the unemployed.
>
> 3. Immigration for the rest of the year has been curtailed because of pressure on the national labour force caused by the heavy influx earlier this year.
>
> 4. The government has made available $150,000,000 for a housing loans fund.

I had the feeling at that time that this was not nearly adequate and that the newspaper reporter had been indeed optimistic when he analysed this as meeting the job threat. I am sure many other members in this house were afraid that this would not nearly meet the situation.

The government did make efforts to help by means of the winter construction program, and I suppose the government and the minister may argue that if this four-point program had not been pursued last winter unemployment in Canada would have been much worse. That, to me, is a very, very weak argument to use as an apology for the serious level of unemployment which even now exists in the middle of our summer, when we normally have next to no unemployment at all.

I know that the national employment service officers were ordered to bestir themselves and look for possible openings for our unemployed. However, both the first and second measures are very hard to analyse, and I do not think even the minister would be able to tell us with any accuracy how much employment was actually created by those policies.

With respect to the third policy, the curtailing of immigration for the rest of the year, I have never been exactly convinced that immigration adds to unemployment. I agree that the unplanned immigration which we had for many years did aggravate the situation in that such a very heavy percentage—sometimes as high as 65 per cent—of the immigrants were single men ready and willing to take employment. I notice, however, that even today the minister's colleague is still pursuing a policy of allowing able workers to come to the country provided they are sponsored by someone in Canada, while at the same time she denies entry to Canada of consumers and future citizens such as the type of people I have referred to as the orphans of the world. Canadians even today are not allowed to bring from other parts of the world, orphans whom they wish to adopt and who certainly would not be a threat to those presently employed in our country. I do not think that answer has met the situation, therefore.

I will agree, however, that the fourth policy has done very much to help the situation. The money this government has made available for housing and the further funds made available under this section I must admit have helped us very, very much.

We do get the impression that this government, by deliberate design, has decided to try to ride out the storm. No policies have yet been advanced, by this minister or indeed by any other minister or by the Prime Minister himself, whereby the government is consciously embarking upon a program to lick once and for all this problem of unemployment which seems to bedevil so many of the western nations. Even assuming that economic conditions were to take a turn for the better, and that thereby in one respect the government is able to ride out the storm, I submit, and we have long submitted in this party, that the problem caused by automation is going to prevent us from eliminating the recurring problem of unemployment, and that if we ride out this present economic recession automation will assume even greater proportions which will require measures to be adopted.

The Leader of the Opposition made some reference to governmental assurances in the past that the problem of unemployment had been largely overcome and that we had every reason to look forward to sunnier days ahead. I was looking through my notes over the lunch hour and, though I did not bring them with me, I found in them many references to occasions when the former minister of labour, for instance in 1954, was assuring the Canadian public that as far as unemployment insurance and unemployment generally were concerned we were over the

hump. That is rather old phraseology, and I wish responsible ministers would not use it so often; because it leads to a certain cynicism in the hearts of the unemployed in Canada when they read these statements.

I know the minister is not the first minister to place very great reliance upon statistics supplied to him by the officers of his department, but I would like to point out that those figures for last winter indicated some three-quarters of a million unemployed. Another set of figures showed a much lower total. I submit, and I have always submitted, that even the worst figures supplied to the minister are not adequate to show the situation, and in this regard I would like to place on record the problem which was brought forward by the Ontario welfare council in their submission to the then prime minister of Canada on January 28, 1955. Among other things they referred to approximately 20 per cent of the labour force not being covered by unemployment insurance, and they took the figure of 750,000 unemployed. When you add 20 per cent to that figure—because they have no reason to go to the offices of the unemployment insurance commission since they are not registered and are not eligible—you get an additional 150,000, and that figure of 750,00 becomes 900,000. Those people are unprotected against need arising out of unemployment, and number approximately one-quarter as many as are covered.

Then there is another class of persons, namely those whose benefits have expired. This group, I think, is particularly pertinent at this time when the minister supplies us with figures relating to the number of our unemployed. There are thousands of Canadians who no longer have any need to go near the offices of the unemployment insurance commission because they have nothing to gain. These are the people whose benefits have expired. It is apparent that at a time when the unemployment situation has worsened steadily many people have used up their right to benefit under the provisions of the Unemployment Insurance Act. Supplementary benefits in the winter months only partially meet the need.

Another class of people who are not really on record are those persons without sufficient credits to entitle them to claim insurance benefits; young people entering the labour market, newcomers to Canada and others who are unprotected because they have not worked long enough to become entitled to benefits. There is also the class of people whose benefits are not sufficient to enable them to support themselves and their families at even a minimum subsistence level. They would not add to the official figures, but the other categories would, and they should be borne in mind when we are considering the statistics on unemployment.

We were given the assurance—I do not recall its precise terms—that as long as the present government is in office, or as long as the present Prime Minister is in office, the Canadian people can be assured that no one will suffer as a result of unemployment. That was a very odd announcement at the time it was made. If we consider that the maximum that is payable to an unemployed person under the Unemployment Insurance Act is some $30 a week for a man with a family, and that in many cases he has payments to make on the first mortgage on his home and often on a second mortgage; or, failing that, in rent; and that he has payments to make on his furniture and possibly on an automobile, as well as his ordinary costs of upkeep such as the weekly food bill, clothing bills, medical bills and so on, I cannot accept the assurance that no one will suffer because of unemployment as long as the present government remains in office, if at the same time all this government has to offer the unemployed is this maximum of $30-odd a week.

I should like to ask the minister whether he does not think it is about time we should consider removing that ceiling, or raising it, with regard to the maximum amounts that are payable under the Unemployment Insurance Act. This becomes especially important when people are unemployed for any length of time. I suppose all of us, for a month or for two or three months, could manage to live somehow on $30 a week. However, there are many Canadians who have had to live on that small amount of money for six, seven or eight months, and others who are no longer able to get even this help.

The situation is much more serious than the announcements of the government like to make out, and unless some action is taken now I am making the prediction that next winter will see over one million unemployed in Canada. And quite apart from the human suffering that will be caused when this takes place, if we consider the loss to the nation of having a million men unemployed in our country for a period of a year, we find that it means a loss in production, a loss in the wealth of our people, of three billion dollars or in other words 10 per cent of our present gross national product. That 10 per cent is far more than enough to spell either prosperity or depression for our people.

We feel that the government is not paying enough attention to the seriousness of the

problem. I know that the minister himself is spending a great deal of time on it, and what I have to say deals with the minister's representations to the cabinet. I hope when he attends cabinet meetings he is not the mild and meek man we meet on the sidewalks or in the lobbies of the hotels in Ottawa, or wherever we meet him. I hope he is much more aggressive, and that he will become a front bench member of the cabinet. I could never understand why the Minister of Labour has to occupy a seat in the second row, because labour is the most important single element in our society and the Minister of Labour deserves a seat close to the Prime Minister himself.

I listened to the Leader of the Opposition, and I noticed that while he found some fault with the government's optimism he did not offer very many remedies as to how employment might be provided. Maybe this is not the time to go into details on that particular question, but I had been hoping he would go into somewhat more detail than he did. Of course the answer to unemployment is increased markets for Canadian goods. This involves greater international trade. We have to extend our program of economic aid abroad; we have to see that the people who make up the labour force receive a fair return so they are able to buy back what they make, and that agriculture is given a fair purchasing power in our economy.

It is amazing to me that wherever you have a planned economy—and I am not referring now to nations behind the iron curtain—wherever you have a government in the western world consciously embarking on a planned economy, you have licked the problem of unemployment. As long as there is conscious planning on the part of a government, unemployment is a relatively easy matter to deal with. If people insist on continuing the economic set-up which they are now perpetuating they will have to adopt the policy that if a man is unemployed he is entitled to unemployment insurance benefits until employment is found for him without any limitation in terms of weeks or months, and to this end supplementary benefits should be payable the year round.

I know this will mean payments out of consolidated revenue, because at the present rate of expenditure, according to the figures which were placed on record at page 2137 of *Hansard*, we find that at the rate of depletion as it obtained in January and February of this year the fund would only last for 16 months before it was exhausted. Thus, if we are going to extend either the size of the payment or the length of time during which payments may be made, the government will have to revise the financial set-up of the unemployment insurance fund.

I should also like to suggest to the minister that he recommend the setting up of many more offices in the urban parts of Canada. One of the cruelest things which apply to a man who is unemployed is the fact that he has to stand in this line-up sometimes two or three blocks long. In the wintertime he has to stand in the snow or rain to obtain his meal ticket, or to register, or to do whatever it is he needs to do, and I think the minister would earn our gratitude by telling the senior officials in his department, "look, we do not care to build for you a huge organization with a six or seven floor office building with hundreds of civil servants at your command. In the city of Vancouver we want 12 or 15 insurance offices so there may be a human touch, and so the unemployed may not become mere cogs in a machine." If that were done I think not only would more employment be found through these offices, but in addition the unemployed themselves would not have to suffer the terrible humiliation they now feel when they are almost like prisoners in a penitentiary, when in fact all they have is a number.

In fact, in some of these huge offices costing millions of dollars of the taxpayers' money they have become so arrogant that they keep locked the doors of the washrooms lest some unemployed throw a paper towel on the floor and whoever looks after the building would have to pick up that piece of waste paper. I think it is mean to insist that people stand for hours in line without having access to washroom facilities when such facilities are already available in the building and were installed for the purpose of handling the people who have business to do in the building.

I also wish the minister would use his influence to obtain far more money for the adult education program particularly as it applies to vocational training. I would appreciate it if the minister in his reply would indicate how much of the money is estimated for each of the ten provinces. I believe the hon. member for Cartier expressed regret over the fact that not all of the provinces were taking advantage of the aid available for technical education. If my memory serves me correctly his province takes a larger share of the available assistance than does any other province and I should like to congratulate the people of the province of Quebec on that attitude. With respect to retraining workers and providing technical education the people of that province have not hesitated to play their full role.

The problem of adult education is very important and with the development of automation it is going to become a much more serious problem. The department is expending $71 million this year through the unemployment insurance commission branch but only $7 million is being expended for vocational education. They are spending ten times as much to supply relief which in the long run is only a stop-gap action as they are spending to supply technical and vocational training that will assist workers to play a useful role in society. Making more money available for this kind of training and building more institutions for this purpose will assist in solving the problem.

We have reached the point where men of 35 and 40 years of age have to learn new trades because of automation. Many of these men are married and have family responsibilities. We cannot expect them to take a technical course for a six-month period and leave their families without means of sustenance. We will have to enhance our program of aid for those who take the courses and assume responsibility for the incomes of the families while the breadwinners are learning to equip themselves for new roles in life.

I hope the minister will also pay some attention to a growing problem in Canada. I know he did not like what he felt he had to do in the case of a public utility on the west coast but I believe the time has come when the federal government should take the leadership and begin to sit down with Canadian organized labour to see whether in the field of public utilities a solution cannot be found that will be acceptable both to those owning public utilities and to the workers involved. None of us wants compulsory arbitration I am sure and yet that is apparently what will come about because of the way we are allowing things to go on at the present time. As time goes on that situation will become worse. The minister with his kindly and conciliatory nature through his department would be able to supply a real service to the Canadian labour scene if he would offer leadership in that direction.

Mr. Houck: Mr. Chairman, in rising to take part in this debate on the first item of the estimates of the Department of Labour I must admit at the very outset I find myself in a very difficult position mainly because of my personal affection and high regard for the Minister of Labour. I believe the Dominion of Canada over the last years has been highly fortunate in its choice of those who have filled that very important portfolio. Certainly the life and accomplishments of the late Humphrey Mitchell will live in our memories for many years. The Hon. Milton F. Gregg performed a fine job in the capacity of minister of labour and although perhaps he has jumped from the frying pan into the fire we will not forget what he accomplished on behalf of the working class people of this country. And now we have the present genial Minister of Labour.

I must admit I admire the hon. gentleman for more than one reason. One of the main reasons for my admiration of him, and I think it was mentioned on other occasions, is that he is fair and square and when asked a question he does not give a political answer. I have always felt it was a pleasure to ask him questions in the house because he does not throw the question back to the Liberal party and attempt to place the blame on the previous administration for whatever condition is being discussed. He does not try to make us believe we are at fault for every situation that arises. When he is at fault he accepts the blame like a man and does not behave like some other ministers who attempt to throw the blame on the past Liberal regime.

The minister is to be congratulated, too, because he has a very fine group of officials in his department. If I may use the parlance of the baseball field, no manager can be successful unless he has a good bench. The minister is certainly fortunate because he has a good bench, a highly competent group of officials standing behind him. I have always felt that no minister of the crown could do a good job unless he had capable officials assisting him. I had an opportunity to observe the work of these officials when serving on the industrial relations committee and was greatly impressed when they presented their brief to the committee and answered questions concerning the operations of the department. I say to the minister that both he and his officials deserve a great deal of credit.

Another thing I like about the minister, and the previous speaker referred to it as well, is that he always wears a friendly smile. We always like to see him in the building because of his cheerful countenance although we did miss him during the six weeks when he was attending the labour conference in Geneva. Another thing about the minister that will stand out permanently in the minds of all hon. members is that when he was in opposition he was Mike to everybody and now that he has been elevated to the high position he holds he is still the same old Mike and we love him for the many fine personal qualities he has.

I have thrown orchids to the minister and as a member of Her Majesty's loyal opposition I presume I may now be allowed to

throw bean balls, to use another baseball expression. I am advised that there is a new rule in baseball. An umpire has the right to fine a pitcher $50 for throwing a bean ball. Mr. Chairman, if you feel I am throwing a bean ball, simply call it to my attention and I shall desist from doing so.

During the last election campaign, as was referred to by my leader and the hon. member for Burnaby-Coquitlam, the Prime Minister stated that should a Conservative government be returned on March 31—and it certainly was returned with an overwhelming majority—"no Canadian shall suffer through unemployment". Those were the words he used. This promise, reflecting as it did the great public concern over the deepening crisis in our economy was largely responsible for the unprecedented mandate the Conservative party received from the Canadian people. Many families suffering real hardship as a result of extended unemployment expect the Prime Minister to fulfil his promise. It is the opinion, based on experience and fortified by studies of Canadian and United States economists, that the present crisis is not of a seasonable nature but is beginning to take on the deep-going and all-embracing nature of that of the thirties.

The vast unemployed wealth of our country stands indeed in sharp contrast to the presence of over half a million workers who want desperately to be gainfully employed, but for whom no work is to be found. Similarly, vast surpluses in consumer goods piling up in warehouses from coast to coast stand in sharp contrast to real hardship experienced by hundreds of thousands of Canadian families who have been unwillingly removed as a market for these products by unemployment.

We feel that only by extraordinary measures on the part of the federal administration can these contradictions be corrected. And by "we" I mean the Liberal party. I refer to measures which will result in extensive public spending in projects of a nation-building character, measures which will open the markets of the world for our industrial and farm products, measures which will place more consumer purchasing power in the hands of the unemployed, thus achieving the two-fold purpose of increasing the home market for our surpluses while guaranteeing that no unemployed worker or his family shall suffer through unemployment.

Certainly, no feature of America's economic life—and when I say "America" I am including the United States and Canada—has been more at the heart of our rapidly rising and widely shared levels than the daring of this nation's businesses in pricing for volume and taking their chances on profit. It is no accident that this policy has characterized our most profitable industries. If we are to maintain the vigour and vitality of our free economy this drive for the widest possible markets must continue. A price policy designed to bring increasing volume should be nothing short of an article of faith for every businessman. The economic recovery and growth we bring about must take the form, not of higher costs and prices but of more production and more jobs.

We might just as well be realistic over this trouble. If we as earners obtain such large increases in our incomes each year that the cost of production moves always upward, then as customers we shall find only higher price tags on the goods in the stores.

The Canadian people believe in good wages, both in private and public employment. Good wages reward effort and build markets. But the Canadian people are going to be looking over the shoulders of those sitting at every bargaining table to see whether the wage settlement and subsequent price decisions are consistent with a stable dollar, or whether they mean another dismal sequence of ever-rising costs and prices. Inequities in the wage structure must, of course, be adjusted. But consumers are not going to be satisfied with less and less value per dollar of price, which is the inevitable result of less and less production per dollar of cost. If businessmen and labour union leaders forget these truths, the consumers will remind them in ways that are clear and painful and, in the process, the whole economy will suffer. These are not theoretical considerations; they have a direct bearing on specific industries today.

I was impressed—and the Minister of Labour spoke about it when he introduced his estimates this morning—about the older people and the lack of employment. Mr. Robert Scott, executive secretary of the Alberta federation of labour, said this, and I think it is very important:

> Age discrimination is one of the most serious unemployment problems in industry today. It has aggravated the general jobless situation across Canada.

He continued:

> Employers are considering workers over 40 years of age obsolete. In some cases persons who are 35 are too old to be employed.

He went on to say:

> These people are forgetting that in general workers are more efficient and dependable between the ages of 40 and 50.

Dr. F. W. Hanley of Calgary said this. He has studied the problem:

> Probably never before has the aging man so frequently been denied an opportunity to exchange his work for the essentials of living.

What are the results of this? These are the results he mentioned: Increased community costs to care for the old and unemployed; a lower standard of living because of a decrease in purchasing power. Use of the older worker in a full employment program means increased productivity, a higher standard of living and expansion, according to Dr. Hanley.

I want to give credit to this government, Mr. Chairman. I think their normal spending in this fiscal year will be in the neighbourhood of $26 to $28 million higher than a year ago, but I want to repeat, and repeat with emphasis, that normal public works are not going to provide jobs for the unemployed. If public works are to be the answer from Ottawa and the remedy, then Ottawa should be boldly pressing forward with a strong program of schools, hospitals, lower rental housing and other construction that will fill a real need in many communities and also help relieve the unemployment situation.

I would just recall to hon. members that Ontario last winter tried to do something concerning the winter unemployment program. The Frost government appropriated some $5 million, and with this sum undertook to pay 70 per cent of direct labour costs of municipal works programs between February 15 and May 31. The program was designed to promote jobs for unemployed men who were not eligible for unemployment insurance benefits. But a surprising number of municipalities reported only a handful of persons in this category. Although final results have not as yet been released on this program it is unlikely that more than half the appropriation will be taken up.

I certainly believe, Mr. Chairman, that all hon. members will agree with me when I say that one of the greatest catastrophes that can befall any person is the loss of employment or the means whereby he or she can provide for himself and his children. Certainly the instinct of self-expression is indeed very strong in the human being.

The unemployment problem in industries today is extremely serious. In most of our plants where there are collective bargaining contracts, employment is down by one-third or more from last year. The prospects for some time ahead indeed look very grim. In our major industry, for example, electrical manufacturing, employment is off in all sections, including the radio-television-electronics section which had been expanding for some years. I think I know whereof I speak, Mr. Chairman, because we have the majority of this sort of factory in the Niagara district, the Welland district, the St. Catharines district and the Hamilton district. Throughout the industry electrical goods markets have been falling off instead of expanding, as they need to do, when the heavy new investment coming into use and the rapidly increasing productivity resulting from this and from extensive modernization of older plants are making it possible to turn out ever larger quantities of goods with fewer workers.

In the very important heavy electrical apparatus section of the industry, in-plant work on the big hydro project orders that got under way in 1955, is coming to an end, and there has been nothing comparable with big orders following close behind to keep these plants busy. Yet this electrical manufacturing industry has always in the past been one of the industries that has contributed very substantially to providing expanding job opportunities in Canada for the growing labour force.

Taking the economy as a whole, it looks to us as if unemployment is going to be a very serious issue well into next year at the very least, even if recovery could be got under way soon. But so far there is no sign of this turn to recovery we are all looking for. So far it seems just as likely that the economy may bump along at a low level for quite a few months, or may drift further down, or even spiral down into a really deep depression. Recovery needs a stimulus to get under way, but the spark for recovery has not appeared yet. What we are asking the government to do is to supply that spark.

In our view it is the responsibility of the Ottawa government to play the leading role in getting recovery going again in Canada and in charting the path to progress for the future. What is needed is quick, decisive and nationally oriented action. For that type of program the Ottawa government must lead the way and they must be prepared to supply the over-all plan, much of the drive and, indeed, a considerable part of the money. Canada's jobless workers need jobs. There are unmet needs everywhere crying to be filled at home and abroad.

Within Canada there is much to be done to develop the resources of our country, to meet the needs of our people for the many kinds of social capital required in a modern industrial country like ours and to improve the living standards of all our people. We cannot afford to waste our precious human and capital resources by allowing recession to hold them idle.

I was very much interested this morning when the Minister of Labour spoke about the conference he called in July pertaining to employment for the winter months. It was in the middle of July when the Minister of Labour convened his conference to deal with

winter employment. As he said, the conference was attended by all leaders of industry, labour and government and when I asked the Minister of Labour a question about ministers of labour from the various provinces he told me that all but one of them attended and the one who did not was prevented by sickness from doing so. But I think it is worth while to point out that at the very time the Minister of Labour was in attendance at this conference dealing with winter employment the problem of summer employment was acute. At that very time about one in every twenty workers was without a job and total unemployment was double what it was in the previous year.

I mention this at this time to point out that the problem of unemployment caused by seasonal factors is only part of the problem confronting the government. In the middle of June seasonal factors should have the least influence and yet unemployment was at a high level showing that we are confronted with chronic unemployment. As my leader said when he spoke today, it is quite serious when 5.2 per cent of the labour force are without jobs and actively seeking work in the middle of June as they were at that time this year.

We believe that the calling of the conference on ways and means of maintaining high employment was a good idea and I congratulate the minister on calling the conference. But this course of action is, of course, in sharp contrast with the attitude of the government in the last two elections when they gave the impression to the people of Canada that they had all the answers. The calling of this conference showed pretty clearly that the government did not have the answers and is attempting to get them from other sources.

May I say to the Minister of Labour that we on this side of the house have been trying to elicit from him information on the action that is to be taken as a result of the conference. I know he will recall that on August 5 the hon. member for Essex East asked the Minister of Labour whether he was in a position to announce government policy regarding the recommendations of that conference. We were rather surprised to learn that the final report of the conference was not ready at that time and that it had not been presented to the cabinet. If I followed the minister correctly this morning, the report has not yet been presented to the cabinet. We would like to know from the minister whether such a report will soon be completed and whether copies of the recommendations of the conference will be available not only to the cabinet but for distribution to the members of the house.

The Minister of Labour was reported in the Ottawa *Journal* of July 16, I believe, as promising quick action on feasible suggestions coming from these sessions. There were certainly some worth-while suggestions made at the conference. I followed it rather closely, and when dealing with all the valuable suggestions that were made I should like to refer to a suggestion put forward by spokesmen of the Canadian Labour Congress that a survey should be undertaken with respect to seasonal unemployment. It would seem to be very sound to collect more information on the composition of the labour force affected by seasonal unemployment and, in particular, to gain further knowledge on what is the extent of hardship suffered by those affected in this way. Certainly there is much to be gained through knowing in complete detail the industries and skills in which this type of unemployment is most common.

In reading the reports coming out of the conference I noticed that a number of spokesmen pointed out the need of action now in order to overcome the unemployment situation next winter. Certainly the minister will not have the excuse next winter that he has not received plenty of warning that the country is likely to face serious unemployment at that time.

We hope that the deliberations of the conference have produced worth-while recommendations and that the government will be able to implement them quickly. There were some present at the conference who were not too pleased with the results, and I suppose that is the same at every conference. But the labour minister of British Columbia—if I am wrong the minister can correct me when he speaks—had a complaint, as reported in the Vancouver *Sun of* July 22, that the government of that province was given no opportunity to make its submissions. The vice-president of the Canadian and Catholic confederation of labour expressed the view that the recommendations from the conference were likely to prove as ineffective as those made in former years. At any rate, the committee is entitled to hear from the Minister of Labour a full report on the recommendations coming from the conference and what action the government is now taking to have them implemented.

I wish to be perfectly fair, Mr. Chairman, and I want to say that this or any other government cannot be expected to act on recommendations that mean nothing at all. Apparently the chief recommendation of the group was that the federal government should spend more money to create employment in the winter. That suggestion may provide some jobs but if the government spends too

much some of the proponents of the idea will groan if it causes an increase in their income tax. With the government engaged in a large public works program it is indeed reasonable that it should see that as much as possible is done in the winter. But it is also reasonable, and I am very emphatic about this, that industry should try to remain in production throughout the year instead of operating on the basis of six months of overtime and six months of lay-offs. It is not only the government but business that should start long range planning to prevent another great winter slump.

The years since the end of the second world war saw a constant increase in employment. The rising tide was not checked until the middle of 1957 and as the government changed at that time it was natural that many people should blame the Progressive Conservative party. Whether or not they are right I am not going to judge. It is a question for a master economist, but actually we had gone a long time without a recession of any considerable size.

During the warmer months employment has been gradually increasing but the fact remains that the situation is still bad for this season of the year. With the automobile industry in a great slump, many of the firms that supply mechanical parts, glass, tires and other materials and many that supply the tools and machinery for automotive construction are also under pressure. Indeed, many western farmers, as members from the west know, are looking out at barren and drought-parched land and are facing one of the poorest harvests. That will certainly not aid the employment situation next winter.

I should like to say a word or two about the dispute between the 15 unions representing the non-operating personnel and the Canadian railways. The settlement of this dispute is indeed of great national importance. Apart from the establishment of rates of pay and working conditions for this segment of the railway industry, the settlement will also have an impact on the wages and working conditions of all railway employees. We all know that the settlement of other union contracts within the railway industry depends upon the settlement which is reached in the dispute between the companies and the unions representing the non-operating personnel. The settlement will also have an impact upon the general economy of the country through the ultimate cost of rail service.

What has happened to date? Last November, almost ten months ago, the unions submitted their proposals and demands to form the basis of a new agreement to replace the contract which was to expire on December 31, 1957. The unions, representing approximately 127,000 employees of the two major railways alone, proposed that the wages of their members be increased as of January 1 of this year by 11 per cent plus 17 cents an hour. In addition, the unions proposed other revisions of the then existing contract, the most important of which had to do with the health and welfare plan, to which the railways were asked to double their contribution, and the request for a more generous vacation policy.

Since the unions tabled their demands last November the normal process of collective bargaining has been followed. The unions and the companies failed after a little more than three weeks to reach any basis for settlement. At the request of the unions the Minister of Labour established a conciliation board on December 2. Little progress was made until the board commenced its hearings on March 3 in Montreal. We know that the delay was due in part to a protest by the union over the appointment of the chairman of the board who, after a month, resigned. However, that delay was unfortunate, and perhaps unnecessary, as the Minister of Labour could have learned, before the appointment was made, whether either party had valid reservations about the nominee. This delay not only caused inconvenience to the parties to the dispute but also seriously retarded the ultimate settlement of the dispute upon which so much depends both within and without the industry.

The board has now submitted reports to the minister and to the parties. These reports are dated July 21 and were made public on the 30th of last month. Since then we have had no further word on what progress has been made or what steps have been taken to bring about a settlement.

We know that the chairman of the board and the representative of the union submitted a joint report which the minister has stated is to be considered the report of the board, in which an increase in wages was recommended. The increases are as follows: four cents an hour retroactive to January 1 of this year; an additional three per cent effective the first of next month; and a third increase of three per cent to be effective April 1, 1959. The representative of the companies in his minority report recommended no changes in the wage rates for the year of 1958. The members of the board also commented on the other issues in the dispute but I do not propose to mention them at this time. However, I propose to ask the minister what his department and the government proposes to do now with regard to this problem. The conciliation process has now been exhausted.

The parties may accept or reject the majority report of the board and they are free to follow whatever course they choose from that time onward.

We on this side of the house—and I say this to the Minister of Labour—know that it is not an easy task for the government to face, that it is not easy to bring about a settlement which provides for the employees rates of pay and working conditions comparable with those paid for similar work and which, at the same time, does not place an unreasonable strain on the resources of the companies. But if the dispute is to be solved, imaginative and bold action must be undertaken by the government right now. The dispute cannot be allowed to drift until the environment has become so muddied that a solution cannot be found without causing great inconvenience to the country and its economy or by other drastic measures.

I want to say this, Mr. Chairman. In opposition the minister—and the minister was not too pronounced in this matter—and his colleagues made daring and bold statements about how they, if they were in power, would deal with such disputes; how they would solve these disputes within the framework of collective bargaining and with a minimum of delay. The Prime Minister and other members of the present government were bitter in their comments about the slowness of the Liberal government in dealing with such disputes and they made sweeping charges about the government's ineffectiveness. I am going to ask the minister and the government what they are going to do about it.

I think the Minister of Labour is duty bound to tell this house and the nation what steps he is taking or proposes to take to bring about a settlement without a strike or a forced settlement by legislation. What is the government doing to prevent this dispute degenerating into a second British Columbia coastal steamship episode?

If I may, Mr. Chairman, I should just like to bring to the attention of the Minister of Labour a local problem and ask the indulgence of hon. members of the house for another few minutes. I have received a complaint—and I think it is one that is justified—concerning the fact that United States musicians are allowed to enter Canada for the purpose of playing musical engagements, whereas Canadians are stopped by United States immigration officers from taking performing jobs in the United States. Meetings have been held not only in Niagara Falls but in other places along the border by the various locals. Our own local union passed a resolution to write to the Minister of Labour protesting the ease with which United States musicians are allowed to enter Canada. A reply to this resolution was received from the deputy minister of labour, Mr. A. H. Brown, in which he states in the last paragraph of it:

> If you know of any cases of musicians who have entered Canada under section 7G for the purpose of giving specific performances and have remained in Canada to accept regular employment or persons who have entered Canada under permit to accept the position which could be filled by a resident in Canada.

We have a number of members in our local in Niagara Falls who have been out of work this past winter and spring and many of them have been working on short time. Their membership is quite excited to think that in all cases they could have very capably filled the requests for professional musicians that have been so frequently filled by men from across the border who seem to be lucky enough, according to their contracts, to be able to secure work in Canada at almost double the price which people pay for Canadian musicians. I have learned just recently that these musicians from the United States come over without even bonding their instruments. I am asking the minister to give the matter some attention. I know it is a question of customs. I hope he will take the matter up with the minister concerned and see whether something cannot be done. Each and every time one of our Canadian musicians attempts to go across with his instruments to engage in a playing job in Niagara Falls or Buffalo, he is always told by the United States immigration officers, "You can't come in for you would only take jobs away from United States musicians". Fair play is fair play. I know the minister will do something about that problem.

Might I sum up, Mr. Chairman, by saying this.

The Chairman: Order.

Mr. Starr: Let the hon. member finish.

Mr. Houck: I have only a little bit more and I shall be finished.

The Chairman: Is it the pleasure of the committee to permit the hon. member to continue?

Some hon. Members: Agreed.

Mr. Houck: Thank you. I can only sum up what I have been trying to say in this way. The government must do something and do it immediately. Certainly the Canadian people look to this government to take the lead first by creating new purchasing power, by drastically reducing income and sales tax immediately, raising income tax exemptions for single persons and in a much higher

bracket for married persons with dependent children. Second, in expanding employment by a new trade policy, by seeking increased trade on the basis of mutual advantage with other countries. Third, the economy could be primed by construction of thousands of new homes and extended public works should be brought forward to build needed schools, hospitals, highways, power and irrigation projects. Fourth, the needs of the unemployed must be met by an increase in unemployment benefits, these benefits to continue for a longer time of unemployment.

Might I say this, Mr. Chairman, and I do this seriously indeed. If the people of Canada had followed the Liberal platform in the last election and indeed the Pearson plan, namely a vacation on taxation, and placing the dollar back into circulation, certainly we would not be facing the serious unemployment situation we are facing at the present time.

Mr. Howard: In rising, Mr. Chairman, to participate in the discussion of this particular vote, I would like, as the hon. members have done, to make a comment or two with respect to the minister himself as an individual and with respect to the attitude that he has shown both in the house in dealing with questions, by correspondence and in personal discussions. I have the highest commendation for the minister for the sincerity that he shows, and for the humbleness that is apparent in his everyday dealings with the problems of his department. I know that it is not because of lack of sincerity or lack of desire on his part if the other cabinet ministers do not agree with him in some of the proposals that he may make from time to time. However, I would suggest that there are some other cabinet ministers, notably the Minister of Finance and the Minister of Agriculture, who would be well advised to follow the attitude and the example set by the Minister of Labour. If they would do so, I am sure that we would be able to conduct the discussions relating to their respective departments with the same degree of amicability and sensibility that we are able to discuss the questions relating to the department of the Minister of Labour.

I have listened with a great deal of interest to the opinions expressed by the Leader of the Opposition in his opening remarks on this vote, because I wondered whether the Liberal party was going to exhibit any different attitude today from that which they adopted while in office during the past years. All I could discover, however, was the same exhibition of verbal wandering into the question of labour-management relations, a subject with which he is not too familiar. However, the Leader of the Opposition ably and succinctly posed the problem in a nutshell when he dealt with the solution to unemployment. In posing that problem he included in his comments an observation of the Secretary of State for External Affairs in a speech made by that gentleman, I believe, at Saskatoon, when he said that the solution to unemployment is jobs. Of course I quite agree with both these hon. gentlemen in that connection and apparently there is at least one thing which one will learn if one spends some time in the Department of External Affairs; one can at least get to know what the problem is even if one has no idea of the solution to it. One of the first realizations one would have, apparently, would be the realization of the right questions to ask.

I know that in dealing with the estimates of the Department of Labour we could, and probably will, expand our discussions beyond the actual field covered by the department. We could get into the internal operations and attitudes of the unions and of management and the relationships between the two groups and the impact of those organizations upon society. It is not my intention to wander into any specific aspect of that field or to refer to specific elements of society, but even though I may have some pretty definite opinions on the attitude of management, I will confine my remarks to a few comments concerning the unions themselves. This is because I spent a number of years as an officer of unions and a certain period as an officer of one particular union, and as a result of this experience I came to know something of the day to day working within the unions.

Firstly I must say that in Canada we are in nowhere near the position in which the United States finds itself with respect to some of the unions south of the border. The situation in respect of those unions has been well publicized by certain United States senate investigation committees, and my personal opinion is that as a whole we have a much cleaner group of unions in Canada than exists in the United States.

Some hon. Members: Hear, hear.

Mr. Howard: I say that, knowing as I do many of the union officials in this country. There are, however, some Canadian unions whose policies and operations certainly do not fit within the expression of opinion I have just voiced. I have personal knowledge of some unions where the members are absolutely afraid of losing their membership cards and of losing their jobs as a result of expressing their opinions at union meetings. This is a most deplorable state of affairs in what is supposed to be a free society and

where people are supposed to be able to express their opinions, be they critical or in commendation. Because of the operations of some Canadian unions, however, such freedom of expression does not exist although these unions are in the minority.

Unless this situation is cleaned up with respect to particular unions there is a danger of such practices extending to other unions and, although I hope I will never live to see the day when this happens, the unions may fall into such disfavour among their own members and with the public in general that the Canadian people may decide some corrective legislative steps will have to be taken.

Mr. McGee: Would the hon. member permit a question? Would he care to mention the particular unions he has in mind?

Mr. Howard: No, I will not mention the particular unions I have in mind because, as I stated earlier, I do not think this falls within the jurisdiction of the Department of Labour. I merely express these views in a general way. It might be said that I am hiding behind the question, but I would rather not give the names of individual unions about which I have personal knowledge. I hope that will satisfy the questioner.

As I said earlier, however, only a small fraction of the total of millions of Canadian members are affected in this way. I do not think the inference should be drawn from my remarks, and I am sure it could not be drawn, that within the unions to which I have referred the same sort of thing exists as apparently exists in certain United States unions which have now come under the surveillance of the senate investigation committee. I refer to racketeering, thugs and gangsters who get control of the unions for their own immediate ends. I am certainly not implying that such is the situation here but, as I say, I have personal knowledge of some policies being followed in Canadian unions which have the effect of placing union members in fear of losing their jobs so that they will not express their opinions on union policies.

I wish to raise another point which comes more specifically within the ambit of the department's jurisdiction, and this has to do with the reference which has been made to the operative machinery used for negotiations, that is to say the process of direct bargaining, the use of conciliation officers and conciliation boards and, in some cases, what I believe are called industrial inquiry commissions. With respect to the legislative or operative machinery for negotiation, I wish to express some thoughts I outlined in discussing a particular bill a few weeks ago. We have in Canada a most ridiculous situation with respect to our labour laws applying to negotiations and relationships between union and management in collective bargaining. We have a federal act which embraces certain employees across the nation, but ten of our provinces are concerned with the field of labour legislation with respect to matters falling under the jurisdiction of the provinces themselves. All in all, we have or could have, eleven different types of legislation for the certification of unions, eleven different types of legislation for the granting of bargaining rights, eleven different types of legislation so far as conciliation procedures are concerned and eleven different types of legislation regarding the entire field of labour-management relations from the original moment of organizing to the final signing of the collective agreement.

It is neither sensible nor conducive to efficiency to have this diversity or this difference of legislation. In some cases the unions find themselves operating under one set of bargaining procedures as laid down by law, while just across the border in a neighbouring province the same union and the same employer might find themselves covered by a different set of laws. In the federal field the same thing is applicable. Some employers find themselves under federal legislation in one instance and under provincial legislation in another, and I suggest that in order to remedy this particular situation some distinct and concrete steps should be taken, steps similar to those taken in 1940 or 1941 when the Unemployment Insurance Act was introduced. Maybe I have got the wrong year there. But an undertaking was made at that time to amend the British North America Act in order that the Unemployment Insurance Act should apply universally across the nation. It was, in effect, an invasion, or the giving up, if you want to look at the other side of it, of provincial jurisdiction, and that, I think, must be done in this instance to ensure the uniformity of labour legislation with regard to certification, negotiation procedures and so on, in order that we may have one set of laws throughout the country and not have confusion in the minds of management, in the minds of unions and, especially, in the minds of individual members of unions who work in different industries in different provinces at different times and find themselves governed by different sets of laws.

This may entail some adjustment in our present industrial disputes act after discussions with the provinces. If we do not succeed in having a uniform set of labour laws across the nation, then at least in so far as the federal government is concerned we need

to overhaul our legislation completely. At the present time we have a system of attempting to assist labour and management in the conduct of their affairs in so far as their negotiations are concerned, a system of conciliation boards which in some cases may operate successfully but which in many cases does not—and this applies to the provincial field more particularly, probably, because I have had a little more interest in provincial labour legislation in years past than I have had in federal legislation.

The attitudes of the various chairmen of conciliation boards is one obstacle which must be overcome. Many conciliation board chairmen still use the approach of trying to be Cyrus Ching, the second; trying to get the two parties together in order to prevent a lockout or a strike. They will confer with the unions individually, and confer individually with management and with the other members of the board in an attempt to find the solution which would be mutually acceptable and will then recommend in their awards that this should be the basis of a contract. Other conciliation board chairmen do not take that attitude at all. They sit there as if they were self-appointed lords, listen to both sides of the argument, then lock themselves up in a room and without paying much attention to the contentions of one side or the other bring forth some preconceived idea of what they think the solution is and dump it into the laps of both parties who are then no better off than they were months earlier.

I submit that the operation of the conciliation boards is outdated at the present time. It promotes delays. The hon. member for Niagara Falls mentioned a period of many months spent on negotiations between the management and railway brotherhoods, and part of that delay has been occasioned by conciliation board procedures. I am suggesting we would be moving in the right direction and laying the foundation for finding adequate solutions to differences between labour and management if we were to scrap the conciliation board procedure and have an adequately trained, tactful staff of people who would enjoy the confidence of both unions and management. Such confidence would, no doubt, need to be generated over the years. These trained conciliators would have to be intelligent and capable people, tactful and diplomatic, and they would have to enjoy the confidence of both parties so that they could meet with them both separately and collectively to help work out solutions to their problems. I am not saying that our present conciliation officers are not competent or able, but they have not been able to effect a settlement by conciliation in many cases where strikes have taken place which in my opinion might have been avoided had we had a more sensible approach.

Further, I would suggest that any future labour legislation which is brought before this parliament, any legislation which comes under the minister's jurisdiction—and whether or not this has always been done in the past I do not know—should be referred to the committee on industrial relations, because, as we all know, it is not possible for an individual representing management or an employers' association, or for individual officers of unions, or individual citizens to come before the House of Commons or before the committee of the whole house and say: here is my thinking with respect to a particular piece of legislation. The only way in which we can offer the citizens of this nation an opportunity of expressing their views to parliament with regard to a specific piece of legislation is by referring such legislation to a standing committee so that the legislation, when it is finally developed, will reflect the attitude of the nation and, to every extent possible, of those people who will be operating the legislation and who will be affected by it. In fact, I would give this committee authority to initiate legislation, the authority to hear ideas.

In the province of British Columbia we have had for a number of years a standing committee on municipal affairs in the legislative assembly, and that committee has, in effect, authority to initiate legislation.

All that is referred to it is the general subject matter. Municipalities, unions, private corporations and individuals go to the committee every year and say, "Here are our ideas. We would like these in legislative form." Questions are asked, consultation with departmental officials occurs and legislation is initiated by that committee. I feel it would be wise to give our industrial relations committee authority to initiate legislation, to deal with legislation referred to it and recommend changes with respect to drafting. Between now and the next session I would suggest the committee on industrial relations be established as a permanent and continuing committee in order that it might sit during the period of recess and hear views and ideas and arguments and accept briefs presented to it concerning changes in our present legislation and at the next session be in a position to make some good, concrete recommendations with respect to our legislative program.

I wish to deal for a moment or two with the question of minimum wages and hours of work. That is a field which the federal government must enter with respect to employees coming under the jurisdiction of federal labour legislation. Various figures have been

suggested with respect to a minimum wage and minimum hours of work and although I have personal views on this subject I do not feel it is my duty to express them at this time although I certainly would if requested to do so. For the purposes of this context we could take the figure of $1 an hour and a 40-hour or 44-hour week. I have heard the argument expressed that there is absolutely no need for guaranteed wages with respect to employees coming under the jurisdiction of federal labour legislation, and there is no need for restrictions on hours of work or provisions for overtime. Everyone looks at the railways and says, "They are organized into unions. They do not need guaranteed wages. They are able to negotiate their own wages. They have overtime provisions. There is no need of the federal government making this a matter of legislation". I submit there is a need for this within the operations of the railways themselves.

I do not know if the condition exists today but a few years ago in British Columbia the Canadian National Railways was contracting some of the more menial jobs to outside contractors. The extra gangs, the people laying track, the spike drivers and others were not organized into unions. That work was contracted to an individual company. In fact, the possibility of organizing them appeared remote. Most of the employees on these jobs were new Canadians. There were a few from Spain but many from Italy, Portugal and other countries. They came directly from their native country to Canada, stepped off one train and on to another which took them to a location where they were immediately put to work by the contractor. They had no knowledge of the language and certainly no understanding of the wage rates or hours of work that should be in effect. They were exploited left, right and centre by the contractor. If you can imagine it in this day and age when we have laws in some provinces setting minimum wages and establishing minimum hours of work and providing for penalties for infractions of the law, these people were forced to work ten hours a day, six days a week, with no overtime provisions for 90 cents an hour. That is one group of employees that could benefit by the enactment of legislation guaranteeing a certain minimum wage and imposing a limit on the number of hours they can be required to work in a day. There are other groups, too, but I mention that one only because they worked indirectly for the railway company and were exploited by the contractors.

I notice in the estimates reference to an economics and research branch in the Department of Labour which has approximately 130 employees and involves an expenditure of approximately $600,000. I have wondered for some time just what this branch does. I also wondered whether there is not a duplication of effort between this branch of the Department of Labour and similar branches in other government departments, especially the Department of Trade and Commerce, which deal with the economy of our country. I do not know if there is duplication but I find it strange that in the field of research into economics we do not have one branch of government to deal with the entire question of the Canadian economy for all departments of government.

My friend the hon. member for Burnaby-Coquitlam dealt at some length with the question of unemployment and the Unemployment Insurance Act. It is not my intention to reiterate his remarks on that subject with which he dealt so effectively but I have one or two thoughts to express with respect to the Unemployment Insurance Act. I suggest it is time we began to look at the application of the act and payments of insurance benefits generally from the point of view of their being something in the nature of a guaranteed annual wage. Large industries, corporations and manufacturing units could certainly themselves bear the cost of a guaranteed annual wage covering their own employees but there are many companies in the nation that are far too small to assume the financial burden of paying a guaranteed annual wage to their employees. By establishing the policy of looking at our unemployment insurance legislation, not in terms of being a dole because a person is unemployed but in terms of a deferred payment of wages because of contributions the individual has made to the operation of an industry and/or to society we would be better off. It would spread the cost of providing additional payments while unemployed over a much broader base rather than confining it to individual industries.

Mr. Chairman, I realize that my time has nearly expired but as I have one or two additional points to make I wonder if the committee would extend to me the courtesy that was extended to the hon. member for Niagara Falls. I assure the committee I shall require just a minute or two in which to conclude my remarks.

The Chairman: Is it the pleasure of the committee to agree to permit the hon. member to finish his remarks?

Some hon. Members: Agreed.

Mr. Howard: In conjunction with the question of changing our philosophy with respect to the Unemployment Insurance Act and looking at it in the light of attempting to

provide a guaranteed annual wage, or a deferred payment of wages during periods when people are unemployed, if you wish to classify it that way, I believe we will also have to relate to that our attitude with respect to pensions. The same administrative machinery could be used to administer the pension schemes as is used to administer unemployment insurance.

We must, I think, establish in the nation a system of allowing a person who contributes to a pension the right to transport his pension contribution with him when he moves from one employer to another. Many industries in which persons are employed for 10 or 15 years go out of business, or a curtailment is made in production. The person who has contributed to a pension plan for 10 or 15 years finds that he can no longer contribute to that pension plan because he has practically no employment, and if he goes to work somewhere else where there is no pension plan, what position is he in, if he retires 10 or 15 years hence? I suggest we should have in Canada a contributory all-inclusive portable pension plan so that a workman can move from one job to another and carry his pension contributions with him. Then, when he reaches the age of retirement he will be in receipt of a pension, in addition to the basic old age pension, adequate to look after the needs of himself and his family in his later years.

Another reason for insisting on such a system is that we find many older workers, within two or three years of reaching pensionable age, are subjected to most severe attitudes by employers in order to make them leave their jobs and thus lose their pension rights. I might add that I know of the personal experience of my own father. He was subjected to this sort of attitude by his employer in the last few years of his working life. If he had been a younger man, if he had not been so near the pensionable age, I know he would not have put up with the degrading things he was forced to put up with. I know there are many other people who have the same problem. A portable pension scheme would certainly overcome this.

With respect to the Unemployment Insurance Act itself, I hope the government will undertake to remove the discriminatory approach used with respect to contributions by and benefits to fishermen. I know there is no need to remind the minister of the promises which his party made before the last election and the election of June 10, 1957, because they are in the back of his mind and I hope he keeps them there. I hope that when the time comes to change the Unemployment Insurance Act, which apparently is not going to be done this session, he will undertake to remember the promises which were made by the Conservative party and which I do not wish to reiterate at this time.

[Mr. Howard.]

Mr. Rouleau: Mr. Chairman, I would like to join with those who have already spoken and tell the minister that we appreciate the sincerity with which he has dealt with the many problems he has been confronted with since his appointment as Minister of Labour. We have not been able to agree with him all the time, or with the methods he and the cabinet have used to deal with those problems, but we admire his readiness and his willingness to deal with those problems.

On this vote, Mr. Chairman, I would like to deal with a particular problem. At the last session of the last parliament I introduced the following resolution:

> That, in the opinion of this house, the government should give consideration to the advisability of introducing legislation that would facilitate the employment in federal works, undertakings, businesses, as defined in section 2, of chapter 38 of the statutes of Canada 1956, or in any corporation set up to perform some function or duty on behalf of the government of Canada, of male or female persons over 45 years of age who, on account of their age, find it difficult to secure employment at the present time.

I know for a fact, Mr. Chairman, that hon. members from all sides of the house have encountered many instances of persons over 45 years of age who were unable to secure a job on account of their age. Some of the cases I have had to deal with were really pathetic. I have encountered during my five years as a member of parliament people over 45 years of age, able and capable of doing a good job in their particular field, but who were turned down by employers on account of their age. Thus, unable to earn their living and take care of the needs of their family, some became sick, depressed and almost a wreck. This situation creates a serious social problem in this country. This problem should be taken care of now by this government. It is our duty to put a curb on the ever-increasing tendency to discriminate against those over 45.

The problem I have just stated is an urgent one. In order to prove my assertion as to its gravity I would like to refer to the number of unemployed persons over 45 on May 24 of this year. On June 20 last, in answer to a question I had put to him on May 24, the Minister of Labour answered that in the week ended May 24, 1958 the estimated number of persons without jobs and seeking work, 45 years of age and over, was

approximately 90,000; 90,000 persons looking for jobs and almost unable to secure them on account of their age.

Compared with the social problem created by the discrimination I just mentioned, the reasons given by employers for not being too anxious to give a job to persons over 45 years old and over should not stand. All workers, no matter what their age may be, must share equally in the job opportunities. Canadians, including those over 40 and 45, should have equal opportunities in the labour market.

Some states in the United States of America, aware of the social problem I am dealing with, have enacted laws to prevent this kind of discrimination. For instance, the states of Massachusetts, Pennsylvania, Rhode Island and New York have adopted laws prohibiting discrimination against certain persons in employment on account of their age. In most of those laws the principal acts relating to age which are forbidden by law are the following:

1. To print notices or place advertisements indicating a preference based upon age.
2. To deny an equal opportunity to obtain employment solely because of age.
3. To discriminate against an individual because of his age in compensation, tenure or other conditions or privileges of employment.
4. To deny membership rights in any labour organization because of an individual's age.
5. To deny the chance of being referred for employment because of age.

Some might feel that such a law might be difficult to enforce. If we read the first annual report of the Pennsylvania fair employment practice commission, whose job it is to see that the law against discrimination is observed in that state, we see that it has achieved good results.

Since I know the great comprehension of the Minister of Labour of problems similar to the one I have just dealt briefly with I am sure he will study carefully the laws I have mentioned in my remarks and I sincerely hope that he will see fit to bring about similar legislation in Canada at the next session.

I remember very well giving my support to the resolution presented every session by the Minister of Citizenship and Immigration while she was in opposition to the effect that this house should enact a law to promote equal pay for female employees. At every session she introduced her resolution until the government of the day decided to bring it in as a government measure. I am seeking her support today as well as the support of the Minister of Labour. Again, I hope it will be part of government legislation at the next session. As far as I am concerned, I shall continue to press the necessity of solving this problem as long as it has not been dealt with in a satisfactory manner.

Mr. Broome: Mr. Chairman, I have heard all the verbal bouquets tossed at the minister and I know that the finest bouquet we could present to him would be to pass his estimates as quickly as possible. I should like him to know that several members who sit on the opposition side have told me that he is the best minister of labour they can recall. I know that he gives fair and equal treatment to all members of the house no matter where they sit.

I wish to refer to two or three matters, particularly one raised by the hon. member for Skeena. He said that generally speaking we have as fine a labour movement in Canada as anywhere in the world. I believe our labour leaders are outstanding and labour has built up a fine record of greater and greater participation in our democratic form of government and our culture. Unfortunately, there are a few labour unions that do not follow the general pattern. I should like to read to the house an excerpt from a letter I received which bears out some of the implications of the remarks of the hon. member for Skeena. This man is a sailor and he writes as follows on August 8:

I wish to ask, how long must we seamen suffer extortion, intimidation, beatings-up and being D.N.Sed (do not ship), a neat way of expelling us from the union on any kind of trumped up charge or without a charge by revoking our permit, for which we pay $69, or our book. This effectively prevents us from working in the industry. To fight action for reinstatement or reimbursement through the courts requires much money, which most of us do not have to pay out to high priced lawyers such as our union hires to fight us. Why doesn't the government ban or deport Hal Banks? This man has an established criminal record; even our citizenship courts refused to grant him citizenship.

Banks has been in Canada 10 years dictating in our union. He has never run on a ballot. He is in fact a dictator who was never ever elected. He was appointed in the U.S.A.—

Then he goes on to talk about this being an intolerable situation. Actually we know that Mr. Banks was brought in by the steamship companies in order to clear out what they called the communist influence in the union of that time operating on the great lakes. This is an example of what happens when you try to tamper in the affairs of a union. In this case it seems to me that the cure was worse than the disease.

I also have a clipping from the Vancouver *Province* of Thursday, August 7, in which there is an article by Doug Collins telling about a union man who had to pay a $200 fine imposed by the union. The article reads in part as follows:

A union man paid a $200 fine last week. It was levied on him by the seafarers international union

because he didn't turn up for picket duty during the recent C.P.R. strike. The man, Christoph Donins of Haney, earns $238 a month. In addition to the fine, he had to pay a $28 strike levy, leaving him $10 for his first month of work this summer. The case isn't an isolated one.

The article goes on to say that when Donins protested to the strike committee about the size of the fine he was told that he was lucky, that one person who missed three watches or three times on picket duty was fined $100 and another missed one and had to pay $25. He was also told that he was lucky because if he continued in that way he would be beaten up.

Two weeks ago at a union meeting another man complained about assessments and I am informed that a Mr. Heineki wanted to know if the man complaining would like to have happen to him again what happened in 1953 when he suffered a mauling and beating up. I know that when a strike vote was taken on the west coast something over 90 per cent of the seamen supposedly voted to strike. However, the strike vote was conducted under the auspices of the union whose idea of democracy is well illustrated by what I have already said.

The largest union on the west coast is the international woodworkers of America. It is a good union, a democratic union. It has helped to raise the standards of workers in the forest industries. It is a union which is tough in bargaining but is democratically run. That union took a strike vote and found that 80 per cent of its members were in favour of a strike. They proceeded with their negotiations and the time came when a supervised strike vote was taken under the provincial labour code. In that vote the number favouring a strike dropped to 65 per cent. There were 35 per cent opposed.

That clearly indicates the fact that even when a secret vote is held by a democratic, good union the results may change when a vote is taken under government supervision. I should like to suggest to the Minister of Labour that if a supervised strike vote had been taken in the case of the S.I.U. the number favouring a strike would not have been 90 per cent or anything like it.

The Chairman: Order. It being five o'clock it is my duty, pursuant to standing order 15 (3), to leave the chair in order that the house may proceed to the consideration of private and public bills.

Progress reported.

PRIVATE BILLS

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to standing order 15 (3).

[Mr. Broome.]

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-8, to incorporate Canadian women's press club.—Miss Aitken.

On the order:

House in committee on Bill No. SD-219, an act for the relief of James Nelson LeBlond.—Mr. McCleave.

Mr. John B. Hamilton (York West): Before you leave the chair, Mr. Speaker, with the unanimous consent of the house I would move that all divorce items, whether at second reading stage or in committee, be given priority at this stage.

Mr. Speaker: Does the house give unanimous consent that all divorce items standing on the order paper be taken prior to other items on the order paper?

Some hon. Members: Agreed.

Mr. Speaker: Does the house agree that all divorce bills standing for consideration in committee be taken in one motion?

Some hon. Members: Agreed.

Mr. Speaker: It is moved by the hon. member for Halifax (Mr. McCleave), seconded by the hon. member for Marquette (Mr. Mandziuk), that the divorce bills standing for consideration in the committee as a whole be referred to the committee of the whole in one motion pursuant to standing order 54 (1). Is it the pleasure of the house to adopt the motion?

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

The Chairman: House in committee of the whole on certain divorce bills. Is it agreed that all the divorce bills be taken together?

Mr. Howard: Mr. Chairman, I just want to make one comment with respect to this entire group of divorce bills being taken in one lump and to say that I did not realize that we would ever get to the point when we would bring in automation in dealing with divorce.

The Chairman: Shall the bills carry?

Some hon. Members: On division.

Bill No. SD-219, for the relief of James Nelson LeBlond.—Mr. McCleave.

Bill No. SD-220, for the relief of Louise Auger Lecavalier.—Mr. McCleave.

Bill No. SD-221, for the relief of Marie Noella Therese Legault Lebel.—Mr. McCleave.

Bill No. SD-222, for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.—Mr. McCleave.

Bill No. SD-223, for the relief of Marie Becherbleith Reicher.—Mr. McCleave.

Private Bills—Divorce

Bill No. SD-224, for the relief of John Charles Underhill.—Mr. McCleave.

Bill No. SD-225, for the relief of Patricia Wirth Usher.—Mr. McCleave.

Bill No. SD-226, for the relief of Jean Audrey Vickers Mastro.—Mr. McCleave.

Bill No. SD-227, for the relief of Mary Rebecca Lafontaine Johnson.—Mr. McCleave.

Bill No. SD-228, for the relief of Jetti Edelstein Popowski.—Mr. McCleave.

Bill No. SD-229, for the relief of Jean Philippon.—Mr. McCleave.

Bill No. SD-230, for the relief of Sidney Schwartz.—Mr. McCleave.

Bill No. SD-232, for the relief of Barbara Crawford Bucci.—Mr. McCleave.

Bill No. SD-233, for the relief of Holger Madsen.—Mr. McCleave.

Bill No. SD-234, for the relief of Miriam Astrof Hymovitch.—Mr. McCleave.

Bill No. SD-235, for the relief of Margaret Welsh Clark Gray Perego.—Mr. McCleave.

Bill No. SD-236, for the relief of Eunice Joyce Stone Berwick.—Mr. McCleave.

Bill No. SD-237, for the relief of Rita Elizabeth Edwards Bryant.—Mr. McCleave.

Bill No. SD-238, for the relief of Mary Farrelly Crane.—Mr. McCleave.

Bill No. SD-239, for the relief of Margaret Eileen McKenzie Beauchemin.—Mr. McCleave.

Bill No. SD-240, for the relief of Jeanette Josephine Cools Cox.—Mr. McCleave.

Bill No. SD-241, for the relief of Geraldine Marilyn Woods Spencer.—Mr. McCleave.

Bill No. SD-242, for the relief of Mariette Giselle Denise Pesant Forget.—Mr. McCleave.

Bill No. SD-243, for the relief of Joy Diedre Shelley New.—Mr. McCleave.

Bill No. SD-244, for the relief of Muriel Ethel Serchuk Rutenberg.—Mr. McCleave.

Bill No. SD-245, for the relief of Deborah Barash Dindzik, junior.—Mr. McCleave.

Bill No. SD-246, for the relief of Gladys Elsa Hannah Birnbaum Aston.—Mr. McCleave.

Bill No. SD-248, for the relief of Giulietta Marcogliese Iacurto.—Mr. McCleave.

Bill No. SD-249, for the relief of Herbert Budd, junior.—Mr. McCleave.

Bill No. SD-250, for the relief of Dorothy Mary Shrimpton Legault.—Mr. McCleave.

Bill No. SD-251, for the relief of Maria Giusseppa Di Nunno.—Mr. McCleave.

Bill No. SD-252, for the relief of Marie Jacqueline Fernande Belisle Wechselberger.—Mr. McCleave.

Bill No. SD-253, for the relief of Simonne Fournier Bergeron.—Mr. McCleave.

Bill No. SD-254, for the relief of Cecily Anne Maud Carter Bernard.—Mr. McCleave.

Bill No. SD-255, for the relief of Marie Henriette Andree Massue Prevost.—Mr. McCleave.

Bill No. SD-256, for the relief of Lovell Orville Woodard.—Mr. McCleave.

Bill No. SD-257, for the relief of Joseph Wing.—Mr. McCleave.

Bill No. SD-259, for the relief of Hilda Jamesie Hatfield Carter.—Mr. McCleave.

Bill No. SD-260, for the relief of Evelyn Mae Wood Snell.—Mr. McCleave.

Bill No. SD-261, for the relief of Robert Smith.—Mr. McCleave.

Bill No. SD-262, for the relief of Ethel Fisk Gwynne-Davies.—Mr. McCleave.

Bill No. SD-263, for the relief of Marie Reine Drouin Milliard.—Mr. McCleave.

Bill No. SD-264, for the relief of Joseph Leonidas Albert Paradis.—Mr. McCleave.

Bill No. SD-265, for the relief of Hyman Wexler.—Mr. McCleave.

Bill No. SD-266, for the relief of Natasha Harpf Crayter.—Mr. McCleave.

Bill No. SD-268, for the relief of Shirley Bertha Marietta Birrell Wilson.—Mr. McCleave.

Bill No. SD-269, for the relief of Norma Elizabeth Gammie Costigan.—Mr. McCleave.

Bill No. SD-270, for the relief of Merita Helen Gertrude Alarie Russell.—Mr. McCleave.

Bill No. SD-271, for the relief of Sydney Clarence Walker.—Mr. McCleave.

Bill No. SD-272, for the relief of Barbara Anne Young McFadden Pallett.—Mr. McCleave.

Bill No. SD-273, for the relief of Jean Mercidus Cecilia Steel MacDonald.—Mr. McCleave.

Bill No. SD-274, for the relief of Arthur Thomas Hazell.—Mr. McCleave.

Bill No. SD-276, for the relief of Iris Olive West Dion.—Mr. McCleave.

Bill No. SD-277, for the relief of Margaret Cox Lafortune.—Mr. McCleave.

Bill No. SD-278, for the relief of Gertrude Falkenstein Garfield.—Mr. McCleave.

Bill No. SD-280, for the relief of Angela Bertha May Cohen Weinstein.—Mr. McCleave.

Bill No. SD-282, for the relief of Rosanne Dolimont Ruelokke.—Mr. McCleave.

Private Bills—Divorce

Bill No. SD-283, for the relief of Jeannette Hatsedakis Haeck.—Mr. McCleave.

Bill No. SD-284, for the relief of Natan Grunstein.—Mr. McCleave.

Bill No. SD-290, for the relief of Hedwig Papp Witwitzki.—Mr. McCleave.

Bill No. SD-161, for the relief of James Ross MacLaren Paul.—Mr. McCleave.

Bill No. SD-162, for the relief of Barbara Golebiowski Lorens.—Mr. McCleave.

Bill No. SD-163, for the relief of Nicholas Vogel.—Mr. McCleave.

Bill No. SD-164, for the relief of Viola Mary White Witt.—Mr. McCleave.

Bill No. SD-165, for the relief of Joseph Lucien Roland Richer.—Mr. McCleave.

Bill No. SD-166, for the relief of Marc Baillargeon.—Mr. McCleave.

Bill No. SD-167, for the relief of Lucille Perrin Ballard.—Mr. McCleave.

Bill No. SD-168, for the relief of Barbara Rae Lynch Harding.—Mr. McCleave.

Bill No. SD-169, for the relief of Estelle Leblanc Hebert.—Mr. McCleave.

Bill No. SD-170, for the relief of Georgiu Panajtiotis Yarenis.—Mr. McCleave.

Bill No. SD-171, for the relief of Shirley Watson Pennoyer.—Mr. McCleave.

Bill No. SD-172, for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.—Mr. McCleave.

Bill No. SD-173, for the relief of Edwin Showler.—Mr. McCleave.

Bill No. SD-174, for the relief of Nikolaj Kurdiaszow.—Mr. McCleave.

Bill No. SD-175, for the relief of Johann Schneider.—Mr. McCleave.

Bill No. SD-176, for the relief of Lise Beaudry Livingston.—Mr. McCleave.

Bill No. SD-177, for the relief of Beverly Georgina Berry Turpin.—Mr. McCleave.

Bill No. SD-178, for the relief of Shirley Eileen Ferris MacTavish.—Mr. McCleave.

Bill No. SD-179, for the relief of Maurice Turcotte.—Mr. McCleave.

Bill No. SD-180, for the relief of Christina Maxwell Biggs Sanderson.—Mr. McCleave.

Bill No. SD-181, for the relief of Thomas Patrick Heavers.—Mr. McCleave.

Bill No. SD-182, for the relief of Josephine Gertrude Rice Thornhill.—Mr. McCleave.

Bill No. SD-183, for the relief of Ruth Gruber Sosnowsky.—Mr. McCleave.

Bill No. SD-184, for the relief of Samuel Wasserman.—Mr. McCleave.

Bill No. SD-185, for the relief of Celia Bernhaut Jamensky.—Mr. McCleave.

[The Chairman.]

Bill No. SD-186, for the relief of Mary Elizabeth Rainsborough Archer Rudner.—Mr. McCleave.

Bill No. SD-187, for the relief of Waldo John Brayton.—Mr. McCleave.

Bill No. SD-188, for the relief of Jean-Paul Camire.—Mr. McCleave.

Bill No. SD-189, for the relief of Evelyn Zigayer Sedawey.—Mr. McCleave.

Bill No. SD-190, for the relief of Eleanor Wanda Leshynska Ross.—Mr. McCleave.

Bill No. SD-191, for the relief of Irene Rondeau Desbiens.—Mr. McCleave.

Bill No. SD-192, for the relief of Victor Petrashevics.—Mr. McCleave.

Bill No. SD-193, for the relief of Joseph Adrien Octave Guillotte.—Mr. McCleave.

Bill No. SD-194, for the relief of Jeannette Jaslow Feifer.—Mr. McCleave.

Bill No. SD-195, for the relief of Edith Rosen Browman.—Mr. McCleave.

Bill No. SD-196, for the relief of Paul-Emile Papineau.—Mr. McCleave.

Bill No. SD-197, for the relief of Joan Patricia Gatien Juzenko.—Mr. McCleave.

Bill No. SD-198, for the relief of Myrto Mona Diane Chevrette Cadieux.—Mr. McCleave.

Bill No. SD-200, for the relief of Andrzej Skarzynski.—Mr. McCleave.

Bill No. SD-201, for the relief of Otto Zilkalns.—Mr. McCleave.

Bill No. SD-202, for the relief of Leo Milette.—Mr. McCleave.

Bill No. SD-203, for the relief of Angelina Di Battista Overland.—Mr. McCleave.

Bill No. SD-204, for the relief of Robert Herman Kashower.—Mr. McCleave.

Bill No. SD-205, for the relief of Evelyn Mills Miles.—Mr. McCleave.

Bill No. SD-206, for the relief of Margaret Alguire Kernaghan.—Mr. McCleave.

Bill No. SD-207, for the relief of Georges Albert Hetu.—Mr. McCleave.

Bill No. SD-208, for the relief of Francisca Catharina Sanders Simard.—Mr. McCleave.

Bill No. SD-209, for the relief of Yolande Robert LeBel.—Mr. McCleave.

Bill No. SD-210, for the relief of Joseph Anthime Roland Bock.—Mr. McCleave.

Bill No. SD-211, for the relief of Clarence Joseph Reilly.—Mr. McCleave.

Bill No. SD-212, for the relief of Elizabeth Christina Law MacNab.—Mr. McCleave.

Bill No. SD-213, for the relief of Frank Joo.—Mr. McCleave.

Bill No. SD-214, for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.—Mr. McCleave.

Bill No. SD-215, for the relief of Giuseppe Fusari.—Mr. McCleave.

Bill No. SD-216, for the relief of Jean Adolphe Abel Mathys.—Mr. McCleave.

Bill No. SD-217, for the relief of Catherine Regina Hearn Cullen.—Mr. McCleave.

Bill No. SD-218, for the relief of Richard Cloutier.—Mr. McCleave.

SENATE BILLS—SECOND READINGS

On the order:

Second reading of Bill No. SD-299, an act for the relief of Patricia Alleyn Burstall Corrigan.—Mr. McCleave.

Mr. Speaker: Is it the pleasure of the house that all the divorce bills standing for second reading, being items Nos. 103 to 123 inclusive on the order paper be taken in one motion?

Some hon. Members: Agreed.

Bill No. SD-299, for the relief of Patricia Alleyn Burstall Corrigan.—Mr. McCleave.

Bill No. SD-300, for the relief of Charles Athol Gordon.—Mr. McCleave.

Bill No. SD-301, for the relief of Margaret Canuel Fraser.—Mr. McCleave.

Bill No. SD-302, for the relief of Jean Dick Joslin—Mr. McCleave.

Bill No. SD-303, for the relief of Halbert James Haldane Kerr.—Mr. McCleave.

Bill No. SD-304, for the relief of Freda Levine Schubert.—Mr. McCleave.

Bill No. SD-305, for the relief of Mary Thelma Bourgeois Gaudet.—Mr. McCleave.

Bill No. SD-306, for the relief of Jacques Gerardin.—Mr. McCleave.

Bill No. SD-307, For the relief of Yolande Charron Fiorucci.—Mr. McCleave.

Bill No. SD-308, for the relief of Fernand Larouche.—Mr. McCleave.

Bill No. SD-309, for the relief of Mary Pelly Osborne.—Mr. McCleave.

Bill No. SD-310, for the relief of Leonard Lowrey.—Mr. McCleave.

Bill No. SD-311, for the relief of Josette Lacaille Johnston.—Mr. McCleave.

Bill No. SD-312, for the relief of Iona Gertrude Mary Adcock Dolphin.—Mr. McCleave.

Bill No. SD-313, for the relief of Maurice William Miller.—Mr. McCleave.

Bill No. SD-314, for the relief of Margit Szilagyi Rojzskies.—Mr. McCleave.

Bill No. SD-315, for the relief of Rita Jeanne Landry Benoit.—Mr. McCleave.

Bill No. SD-316, for the relief of Maria Eva Dorothe Deziel Lefebvre.—Mr. McCleave.

Bill No. SD-317, for the relief of Violet Mary Ward Gravel.—Mr. McCleave.

Bill No. SD-318, for the relief of Jean Phyllis Fensom Kell.—Mr. McCleave.

Bill No. SD-319, for the relief of Louise Giguere Boisvert.—Mr. McCleave.

Mr. John B. Hamilton (York West): Now that we have disposed of all the divorces, Mr. Speaker at this stage I should like to move that item No. 101 dealing with Trans Mountain Oil Pipe Line Company might be given priority over other items on the order paper.

Mr. Speaker: Is it the pleasure of the house that item No. 101 be now taken?

Some hon. Members: Agreed.

TRANS MOUNTAIN OIL PIPE LINE COMPANY

The house resumed, from Tuesday, August 12, consideration in committee of Bill No. S-6, respecting Trans Mountain Oil Pipe Line Company—Mr. Broome—Mr. Sevigny in the chair.

On clause 1—*Subdivision of shares.*

The Chairman: Shall clause 1 carry?

Mr. Howard: No, Mr. Chairman. In discussing this clause I should like to point out first that there appears to be, or has appeared to be until this moment anyway, as has been expressed to me on a number of occasions, the feeling that those of us in the C.C.F. have a certain strategy in mind with respect to this particular bill, as that strategy was evidenced in dealing with this bill and with other private bills. I should just like to say that the attitude and the thoughts that have been expressed to me—and, I am sure, to other hon. members—indicate merely a tendency to jump to conclusions. I would say that one should wait until the final decision is made before attempting to say what are the ideas of any particular individual member or any particular group element in the house.

In the standing committee on this bill an amount of evidence was given and a number of opinions and ideas were expressed. I would say that certainly the greater proportion of the time of the committee was taken up by Conservative members and that many of those members—and I certainly will not do them the discourtesy of mentioning names, but the evidence is there for all to see—expressed doubt about the necessity of approving this bill. Many of them expressed fears as to what the end result would be if this bill were allowed to pass. Some of them were in outright opposition to it. Then for one

reason or another their minds changed and when a subsequent vote was taken on whether the bill should be reported, the minutes will show that there was only one dissenting vote in the committee and that all those who had expressed doubts, fears, regrets and outright opposition had changed their minds and had voted for it. I do not know why they did that. I leave it to your imagination, Mr. Chairman.

Two reasons were given by the company officials who appeared before the committee for the endorsation of this bill which, as hon. members know, allows for a five to one split in the shares of the company. Those two reasons were, firstly, that it would allow a broader base of shareholders, in other words, for the expansion of the number of shareholders owning stock in the company and, secondly, that it would naturally reduce the price of the shares on the market by approximately one-fifth in order that those shares would be easier to sell.

Let us now look at those two reasons and see whether sufficient argument was given by the company to support them. What about the broadening of the base? What about more shareholders as a result of the split? Some evidence was produced before the committee that as a result of a study made by a number of companies which had entered into stock splitting arrangements in the past there was reason to believe that in the first year there would be a 10 per cent increase in the number of shareholders and that the increase might ultimately reach 15 per cent. I do not know offhand whether those two figures, 10 per cent and 15 per cent, were merely based on the splitting of outstanding stock or whether account was taken of what would happen if additional stock were issued out of the treasury, but there is some reference on page 193 of the evidence in that respect. This took the form of a lengthy document signed by McLeod, Young and Weir and by Wood and Company, two financial organizations, saying the following:

> In this connection we have been advised by a major trust company that it has been their experience that when a company subdivides its shares it can expect a 10 per cent increase in the number of shareholders in the year following such action and that ultimately the increase in numbers would run 15 per cent and higher.

So to this extent I think we can say there would be a broadening in the base of shareholders of 10 per cent, but coupled with that I think we must inquire if it is the intention of the company to issue any of the presently held shares in the treasury, totalling some $3.5 million. Evidence given by company officials was that there is no intention at present to issue any additional shares and one of the officials of the company, a Mr. Taylor, at page 195 has this to say:

> The company is not planning to sell any more shares. To come back to your first statement—

Referring to a statement of a member of the committee.

> —the purpose of the split is merely to subdivide the shares. There is no other purpose.

Again, at page 200, to emphasize that this is just not one mere indication, Mr. Taylor says:

> Out of the 5 million shares of stock the company has not sold 3,500,000.

The hon. member for Humber-St. George's, who was a member of the committee, asked:

> And it is not your intention to sell any of that 3,500,000?

Mr. Taylor replied:

> Not at the present time, no—whether it is split or not. There is no present intention to sell any.

I think, therefore, we can only assume that the reference to a 10 per cent broadening of the base of ownership of this company by the stock splitting arrangement will only be a broadening of the base with respect to the present shareholdings and to the present shareholders. There are quite a number of them, and probably the most important ones, as given in evidence, are the five oil companies, Imperial Oil Company, Shell Oil of Canada, Standard Oil of British Columbia, British-American Oil Company, each of which owns 130,000 shares and Richfield Oil Corporation, holding 50,000 shares. This gives to the five oil companies approximately a 30 per cent ownership of the company. That information was also given in evidence. What does this 30 per cent mean with respect to control of the company, because this is a factor which must be considered. If there is going to be a broadening of the base of the stock, what about this 30 per cent ownership in the hands of five major oil companies at the present time? With that 30 per cent control what have they been able to do? In this connection I would like to quote from a statement in a submission by Trans Mountain Oil Pipe Line Company to the royal commission on energy in April, 1958. In exhibit 2 of that submission we find the following:

> Five major oil companies owning 30 per cent of the stock of this company have been able to arrange for the election of six of the nine directors of Trans Mountain Oil Pipe Line Company. The directors as of March of this year are Mr. R. D. Baker, president of Standard Oil Company of British Columbia, Mr. D. E. Day, vice-president, Richfield Oil Corporation, J. W. Hamilton, Q.C., director of Imperial Oil Limited, Mr. J. K. Jamieson, vice-president of Imperial Oil Limited, Mr. E. D. Loughney senior vice-president of British-American Oil Company and Mr. D. B. Vale, executive vice-president, Shell Oil of Canada.

So we find that with an ownership of 30 per cent, these five major oil companies have 66⅔ per cent of the directorate. All that will happen if this stock split is allowed to go through and if, as we expect, there is a 10 per cent increase in the number of shareholders, is that these five oil companies will become that much more influential and that their 30 per cent ownership will mean more in relation to their control over the company. I suggested, as reported on page 227 of the proceedings of the committee that this would take place. I said:

> By splitting the shares five for one it will increase the total number of shares on the market, and multiply by five the 30 per cent owned by the four or five oil companies, giving more significance to that 30 per cent in relation to the total number of shares that are on the market. This will give those oil companies a more prominent position in regard to the decisions of the company than they now have.

Then, on page 228, is reported the remarks of Mr. Renwick, who was the counsel present on behalf of the company. I asked him the following question:

> Do you have reason to believe that these five companies that I have mentioned, having a 30 per cent controlling interest in the company, will dispose of any of their shares?

To which he replied:

> I have no reason to believe they will dispose of that interest. Again, they may; I cannot say. But certainly my conclusion would be that so long as they are on the guarantee, on the $100 million worth of bonds, that it is simply a matter of business judgment and wisdom that they would retain some interest, perhaps up to the point where they may have effective control.

Later he said, after a suggestion of mine with respect to that effective control:

> That would be completely my view on it. If they do now in fact control, and I think it is common to say anyone who holds 20 or 25 per cent probably does control it—

So he admits, therefore, that with 25 per cent ownership you can control a company, and therefore the only conclusion we can draw from the argument of this company that it is going to broaden the base of ownership is that there is no validity to that argument. It may effect, as it says, a 10 per cent increase in the number of shareholders or maybe more, but all that it will do is to give more effective control to these five major oil companies which I have named. They themselves have no intention of getting rid of their shares.

On the other hand it is said it will reduce stock prices on the market so that the stock will be easier to sell. At present the stock is selling at $55 or $56 or somewhere in that neighbourhood and the split of the stock will mean that the price will be about one-fifth of what it is at the present time. So if it is $55 now, the price of the stock on the market might presumably be $11, although I understand there are other factors which will enter into this such as the nature of the oil industry and matters outside the jurisdiction of this country, for example, conditions in Iraq or elsewhere which might affect the price. However, it would reduce the unit price of the shares and, as the company has said, this is one of the reasons why they wanted a stock split—so as to be in a better position to sell. But they have no intention of selling any shares, whether there is a stock split authorized at this time or not. This has been admitted by company officials.

They can give no guarantee—and this is natural because of the way in which the stock market operates—that the price will remain $10 or $11 or $12. They have no control over the market price whatsoever. They need the money, they say, only at some indeterminate time in the future when their need for expansion will require them to get this money to transport oil from Edmonton to the west coast. When do they want it? We do not know, and they do not know. Presumably they would want it when they are required to pump more barrels a day. I think the company's production capacity at the present time is in the neighbourhood of 60,000 or 70,000 barrels a day, maybe 80,000. It is quite obvious that the company will require this additional capital when the demand for oil gets heavier than it was at the time of the Suez crisis, and when this demand gets heavier, one thing is going to happen to the price of this stock—it is going to go up again, and the company is going to find itself in the position of attempting to sell shares at a price which is higher than it will be, probably, if and when this split goes through. I say this because the demand for the use of the company's line will have an effect upon the market, just as was the case during the Suez crisis. I think I can illustrate this point by referring to what Mr. Renwick, counsel for the company, had to say before the committee as reported on page 227 of the transcript. He said:

> The price this stock hits on the market has nothing to do with the company or its management from day to day. Just as an example, it is true that the price of the Trans Mountain stock went up and I think this was attributable in a large measure to the trouble in Iraq. When we were here a short time ago I think the price of stock was around $50 and it popped up to $70 on the Iraq situation. I think it is now around $59 or $60. Apparently all these people are prepared to take a plunge on that type of situation. We have the likelihood of the plunge. No one can stop it. But we think the likelihood of the wide fluctuations will be toned down if there are a larger number of shareholders who

are participating in this company as a means of investment rather than as a means of speculation.

I might add that I have discussed this with two or three stockbrokers since that time, and I am told Trans Mountain is not an investment stock, but purely a trading and speculative stock, and that is all it will be for some time.

I asked Mr. Renwick about the price, and the exchanges are reported as follows:

Mr. Howard: If this split takes place then I assume that the price of the shares will be $12 to $15 probably on the market—or $10.

Mr. Campbell (Stormont): Or $25 or $30 very shortly, especially if the situation becomes acute in the Middle East.

Mr. Howard: I was going to ask that question also. If this company is given permission and this bill is passed and the shares are divided five for one, the price on the market being $10 or $12, something in that neighbourhood, with no thought of issuing more of the additional shares out of the treasury and selling them on the market and some situation does develop in the Middle East, a situation similar to the Suez arises, then presumably the stocks will take another surge upwards regardless of this 10 per cent broadening and you might find yourself in the same position of trying to sell $50 or $60 shares out of the treasury. Would not your position be the same as it is now?

Mr. Renwick: I think my answer to that is yes, but perhaps Mr. Taylor would like to say a word here.

Then, Mr. Taylor, who is an official of the company said:

Yes, you would be in the same position.

And the report goes on:

Mr. Howard: Would you come back and ask for another stock splitting to get them down again?

Mr. Renwick: We would have to.

Thus, the reason was, first, that it broadened the base of ownership. Our answer to that is that it does not broaden the basis of ownership but that in effect it gives more control to the five oil companies concerned. The second reason was that it would allow the company to sell shares at a lower price than they are now quoted on the market, and the evidence throughout indicates that this is not so unless it is the intention of the company to issue those shares out of the treasury the day after this stock split takes place, if it does take place. So the answer to both these questions is in the negative.

I think we should also consider with respect to this matter all the interests which are affected by the operation of this company. We should consider what interests are affected by this request for a stock split. Some of these interests may be overlapping, but I am going to suggest that there are four. One is the interest of the company, another is the interest of shareholders, another is the interest of the general public and the fourth is the interest of the employees. Some individuals may be concerned in more than one of these categories, but I think I can say these are the four interests affected. We must ask ourselves whether any of these interests will be advanced or whether they will be adversely affected in the over-all picture should a stock split take place.

With respect to the interests of the company, I presume it would be advanced, because the company has spent I do not know how much time down here in an attempt to get this stock split through parliament. So I would imagine it is evident that the interest of the company would be served by this stock split.

What about the interest of the shareholders? Yes, the shareholders would be well served, but only five of those shareholders. The interests that would be advanced would be those of Imperial Oil, B.A. Oil, Richfield Oil, Standard Oil of British Columbia, and Shell Oil. These shareholders would be the only ones who would receive benefit from this stock split, because their control over the company would be that much more effective than it is at the present time. When we consider that a 30 per cent interest now enables these companies to exercise control over the board of directors amounting to 66⅔ per cent it is obvious that even a slight change in the effectiveness of that control would result in complete control over this board. The only interests that will be served will be those of the five major oil companies which have a record that is known throughout this country to be a little unsavoury.

There was absolutely no evidence given to the effect that the interest of the general public will be served. The splitting of stock five for one is not for the purpose of bringing benefit to the general public but for the purpose of broadening the base of control and reducing the price of the shares so they can sell more of them. The evidence indicates that these are not valid reasons. The arguments are not strong enough to support them. The interest of the general public will not be enhanced by the stock splitting.

With respect to the employees of the company as a part of the general public, I do not know what the position will be. Evidence was presented to the effect that the company's attitude toward its employees has been a good one and I do not wish to argue one way or the other in that respect except to say the stock splitting is not the thing that will have a beneficial effect upon the employees but the earning capacity of the company will because presumably the company will have

greater income and profits and accordingly should share these with the employees to a greater extent than at present.

I have endeavoured to make clear the reasons why we are opposed to this measure. I expressed opposition to this by voting against this clause and the preamble in the committee and I intend to express the same sort of opposition if and when it comes to a vote in this committee because, as we indicated, from all the evidence submitted it is clear that no good purpose can be served by the stock splitting. The evidence had a profound effect upon many Conservative members in the committee. I do not know whether their opinions have changed since then. It would be most enlightening if some of the hon. members who were most vociferous and who expressed the greatest amount of fear and regret in the committee would indicate to this committee why they changed their minds practically overnight.

I intend to express my opposition to the passage of this bill as I am sure will all hon. members of the C.C.F. because it will do nothing but give more effective control to five major oil companies and will do nothing beneficial for the general public.

The Chairman: Shall clause 1 carry?

Mr. Howard: Mr. Chairman, I thought surely the sponsor of the bill would make some comments contrary to those I have made. Otherwise I must feel that my arguments were valid and acceptable to him.

The Chairman: Any comments on the bill? Shall clause 1 carry?

Mr. Howard: On division. We want a standing vote.

Mr. Drysdale: Have you got five?

Clause agreed to: Yeas, 61; nays, 6.

Mr. Brunsden: Mr. Chairman, I should like to have my vote recorded.

The Chairman: Shall the preamble carry?

Mr. Argue: On division.

Title agreed to.

Bill reported.

Mr. E. J. Broome (Vancouver South) moved the third reading of Bill No. S-6, respecting Trans Mountain Oil Pipe Line Company.

Mr. Frank Howard (Skeena): Mr. Speaker, I have one or two comments on third reading. There were rumours circulating throughout the house and the corridors in recent days to the effect that we in the C.C.F. were nothing more than a bunch of deliberate obstructionists with respect to this bill.

Some hon. Members: Hear, hear.

Mr. Howard: I would just add that if the noise that just emanated from the other end of the house is meant to be derisive, I may point out to hon. members that the bill is not through third reading yet.

Mr. Argue: Tell those pipe-line boys to listen.

Mr. Howard: I believe it is clear now that the rumours about our being obstructionists are far from true. We in the C.C.F. feel it is our duty and function to express our opposition to certain measures in every way possible and depending on the degree of objection of an individual member or the group to a certain measure the opposition and objection may be expressed more strenuously in some cases and on more frequent occasions than with respect to others.

We have expressed our objection and opposition to this bill on second reading, in the standing committee and in the committee of the whole and by our votes as did one other hon. member who does not belong to the C.C.F. We believe we have no right as a group to attempt to frustrate the desire of the majority by preventing a measure of this nature coming to a vote. We know that in other instances of other bills, especially public bills introduced by private members, the game to be played is to talk them out time after time and to prevent parliament from having the opportunity of voting on those particular bills. I might add that this government policy of talking out other measures is adopted when individual members express support for those bills but hon. members are afraid to stand up and be counted as being in favour of or opposed to them. Therefore, they take the easy way out by talking them out. We of the C.C.F. do not do that; we do not talk these things out, Mr. Speaker. We express our opposition on many occasions. I would say further, Mr. Speaker, that that is the main reason why we feel we are setting an excellent example to other members opposite to treat other bills in the same way as we are treating this one.

We intend to oppose this bill, Mr. Speaker, as we have by voice all the way along and at its final stage we intend to vote against it. I would also say that it appears today there has been a bit of juggling in the private members' hour as to what business on the order paper is to come before other business with unanimous consent.

Mr. Speaker: I hope the hon. member is not questioning the judgment of the house. Everything has been done with the unanimous consent of the house.

Mr. Howard: I would not question the judgment of the house and certainly not your

own. I merely say that this juggling was necessary in order to move certain measures forward in order that they may be dealt with. The Minister of Public Works is not in his seat but I would merely say that if he had not been so anxious to eliminate private member's Monday this juggling would not have been necessary.

In conclusion, I say this is an example that I hope hon. members will follow in order to allow ideas and thoughts to come to a vote instead of talking them out continually.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, although we are opposed to this measure we are prepared to have a vote taken within a few minutes. I do want to say that some practices that have been followed recently place me for one, and I think other members, in a very difficult position. I refer to the type of lobbying that has been going on in reference to this bill and other bills. I appreciate the fact that when a private company comes to this house to have a bill placed before it, in addition to the public discussion in parliament and the discussion before the committees they may feel that certain other representations of a private nature should be made.

I question really whether we should be having any private discussion with people who are involved either directly as shareholders or as hired officials of those companies. In this group, when we have had a formal request by sponsors of the bill or by the people involved in the company, we have been prepared to meet their representatives as a group; in other words, to have them meet our caucus. But since that time, Mr. Speaker, we have had people connected with this bill—and I am not referring to any member of parliament—and interested in having this measure passed in the house attempt to exert pressure on us and on me, and it makes my position at any time more and more difficult because when I get that kind of pressure, even if I should be in favour of the bill, my natural reaction is that if some private company is endeavouring to pressure me into supporting their bill, I would be most apt to vote against it.

As far as I am concerned, the sponsor of this bill has conducted himself in a parliamentary manner at all times. But I say publicly for the record that I would not extend those remarks to certain individuals who are not members of either house but who are interested in this company.

As far as other pipe lines bills are concerned, I would hope that people who are interested in getting them through the house would leave members of parliament alone and let them judge the bills without any type of private lobby being conducted within the walls of the House of Commons.

When the government has a public measure to put through the House of Commons they place it on the order paper. There is a public discussion, but there is no attempt to badger members of parliament in their offices, and this kind of practice I resent. I hope that the other companies which have bills on the order paper will not resort to that practice or in certain instances, continue that practice.

The house divided on the motion (Mr. Broome) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Loiselle
Allard	Macdonald (Kings)
Allmark	MacEwan
Badanai	McBain
Bell (Carleton)	McFarlane
Bell (Saint John-Albert)	McGrath
Benidickson	McIntosh
Bissonnette	McLennan
Bourbonnais	McQuillan
Bourdages	McWilliam
Bourget	Maloney
Bourque	Mandziuk
Broome	Martel
Browne (St. John's West)	Meunier
Browne (Vancouver-Kingsway)	Milligan
Bruchesi	Morissette
Cadieu	Morton
Campbell (Lambton-Kent)	Muir (Cape Breton North and Victoria)
Cardiff	Nixon
Churchill	Nowlan
Comtois	Ormiston
Danforth	Parizeau
Denis	Pascoe
Deschatelets	Paul
Doucett	Pearkes
Drysdale	Pearson
English	Pigeon
Fairclough, Mrs.	Rapp
Grafftey	Regnier
Granger	Ricard
Grenier	Roberge
Grills	Robichaud
Habel	Rompre
Hamilton (Notre Dame de Grace)	Rouleau
Hamilton (York West)	Rynard
Hanbidge	Smith (Lincoln)
Hees	Smith (Simcoe North)
Hodgson	Spencer
Horner (The Battlefords)	Stanton
Houck	Starr
Jones	Stearns
Jorgenson	Stewart
Keays	Thomas
Kennedy	Thrasher
Korchinski	Tremblay
Leduc	Tucker
Lessard	Villeneuve
Letourneau	Winkler
	Wratten—97.

NAYS

Messrs:

Argue	Martin (Timmins)
Brunsden	Peters
Herridge	Regier—7.
Howard	

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

Mr. Speaker: The hour for the consideration of private and public bills having expired, the house will resume the business which was interrupted at five o'clock.

SUPPLY

The house resumed in committee of supply, Mr. MacEwan in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

DEPARTMENT OF LABOUR

General administration—

170. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences (also includes the former labour gazette, women's bureau and manpower utilization votes), $1,067,166.

Mr. Broome: Mr. Chairman, when the committee rose I had been trying to show that the strike vote taken by S.I.U. on the west coast was not a vote in which any credence or reliance could be placed as being a true reflection of the wishes of the members. My whole point is to suggest to the minister that he might find it to advantage to survey the various legislation in use under provincial labour codes with respect to the taking of supervised strike votes.

I quite realize that this particular union is not an example of what the other labour unions are like. The overwhelming majority of Canadian unions are good unions and their leaders are honest, conscientious and hard-working men, dedicated to the job of trying to alleviate working conditions for labour and to give labour a better share of the national income but that does not minimize the fact that several thousand Canadians, for their whole working future or as long as they want to be seamen, are placed in the hands of one man—namely Mr. Banks—and that he and his men control and dictate the policies of this union. These people live under a tyranny in regard to the earning of their livelihood which can only be compared with that existing behind the iron curtain. They are assessed according to the wishes of the executive of the union, and we know how long and how hard countries like Canada and the United States have fought for the principle of representation in regard to taxation. This right is denied to these men in respect of what is perhaps the most important field of all so far as it affects their daily life and that is the way they earn their living.

I do not have to go into detail about the background of Mr. Banks, because it is all in *Hansard;* it has been brought before this house on previous occasions by the present Postmaster General, the present Minister of Citizenship and Immigration and the present high commissioner at London, Mr. Drew, but I would like to quote one or two paragraphs from *Hansard* commencing at page 6801 for June 26, 1954, when Mr. Drew had this to say about Mr. Banks:

> This man had been convicted on different occasions in the United States. One of those convictions in 1930 carried with it a sentence of fourteen years in San Quentin prison.

Later on he said the following:

> But on December 5, 1947, at Richmond, California, he was charged as an ex-convict with being in possession of firearms.

And further down the page he says:

> Now, Mr. Chairman, there is an old rule, which should be firmly respected, that no man is guilty unless proved guilty and there must always be a presumption of innocence. But when you see facts such as this, and when you learn that this man came to Canada and was not only convicted under the Customs Act but also twice charged and acquitted here, one begins to inquire, and surely the pattern of charges should at least be a warning to the government. One cannot disregard the fact that this man was charged on June 28, 1942, with child stealing in the United States, though there is no evidence of conviction in that case. Later he was charged with murder and acquitted.

That is what Mr. Drew had to say, and on page 6538 of *Hansard* for July 21, 1955, the hon. member for Kootenay West had this to say:

> Quite a number of good labour people, men who have worked all their lives in the labour movement, are concerned about the damage this character is doing to the good name of labour in Canada. That is not the whole record. The government does not appear to have the whole record.

Here he was referring to the previous administration.

> As a matter of fact the hon. member who spoke before me mentioned some twelve charges for carrying concealed weapons. When a man is charged twelve times for carrying concealed weapons, even though acquitted it indicates that he is a pretty tough character. He was also charged with child stealing. Beyond that we will have to leave the matter until next session,—

During last session a group of us met together and heard from certain men who had formerly been members of the seafarers international union with respect to some of the things

which went on within the union. For instance, a bookman, or trusted henchman of the union executive, would be a voting member and would have the right to lift the ticket of anybody he chose with respect to the ship in which that man was sailing or the group with which he was working. When the ticket was lifted that man no longer could be shipped; he was on what they call "D.N.S." or "Do Not Ship" and his livelihood was taken away from him until he had squared himself with the union.

It is the job of the Canadian Congress of Labour to handle its own affairs and to clean its own house, and I suggest that the labour movement in Canada, which is 99 per cent pure, should take action against unions such as this one which negate the very principle of unionism, which is that of operating a union in the best interests of the workers. It is not only a question of what we might call dragooning workers. For instance, I have a clipping from a Toronto paper which talks about teamster union boss James Hoffa having fired his outspoken critic, William Mills. Mills was secretary treasurer and business agent of the Toronto general truckers union. He was also barred for life from holding office in the union. I also know of locals which have been arbitrarily placed under trusteeship.

The former officers of the union local were fired; they were allowed to keep their union cards but have been debarred from ever holding union office, and that local no longer has the right to run its own affairs. This was done by a directive of the international president.

It is necessary that these problems be cured by labour itself, but I do suggest that they are problems on which the minister should keep his eye. Perhaps a gentle nudge now and then might help.

We would not stand for one minute for the taking away of liberties with regard, say, to elections to this house but these practices are allowed with regard to the operation of one or two labour unions, and surely the livelihood and protection of Canadians who are members of these unions is something that we as a government and as members of parliament should consider to be within our purview.

Mr. Pickersgill: Mr. Chairman, I really want to confine myself exclusively to one topic this evening, and I am sure the minister knows already what that topic is, because I have had a good deal of correspondence about this subject with him since he became minister. I would like to say that in any correspondence I have had with the minister or with the officials of his department or the unemployment insurance commission I have received nothing but consideration and the promptest action, and I hope the minister will not think that anything I say is intended in any way to be censorious or even really critical, except of the kind of deficiencies which I think do exist, and did exist when we were in office because of inadequacies of staff which may, of course, have been increased because of the increased volume of work which has fallen upon the insurance commission in the past year.

It is not the general work of the commission that I want particularly to talk about, but the administration of unemployment insurance for fishermen. I have in my hand a letter which has been addressed to me, and I imagine a copy was also addressed to the minister, by the general secretary of the Newfoundland federation of fishermen. It sets out a resolution unanimously adopted at the annual convention held in St. John's on April 14, 15 and 16 which embodied the views of the federation after the first year's experience in which we all knew that because this was new, and because it was complicated and because it was being applied in respect of people many of whom had very little previous experience in dealing with forms and stamps, complications would be bound to arise and cause a great many administrative headaches. I should like to read this resolution into the record. It begins:

> Whereas the introduction of unemployment insurance to fishermen has been of untold benefit and assistance to our fishing population;

Perhaps even the minister would not object to my interjecting at this point that this was done by the previous administration.

> —and whereas a number of problems have arisen in its first year of introduction, which was as we expected unavoidable—

These are the points which are made in the brief.

> 1. The abolition of the 30 per cent cost of production. Contributions paid and benefits received on gross earnings as in all other types of employment.
>
> To enlarge on this suggestion it might be said that where fishermen know their operating expenses these may be accepted by the employer or buyer, but we find that during the past season the majority of buyers accepted the line of least resistance and invariably deducted 30 per cent. If this cannot be abolished we suggest that a 20 per cent deduction will amply cover operating expenses.
>
> 2. Fresh fish, salmon (fresh frozen, salted or tinned), mackerel, herring, lobsters, codoil and all other species of fish and fishery products to be treated as saltbulk or dried cod, and settlements made at the end of the fishing season and the divisor system used, as with salt cod.

I may say that personally, on the basis of such observations as I have made myself, I would very strongly endorse that view.

We would draw the attention of the commission to the position of our fishermen who can their own salmon, lobster and halibut, and who at the present time are not eligible for insurance benefits. We suggest that these be included and the divisor system used.

3. Skippers and sharemen—We feel that stamps should be equally divided so that sharemen may qualify for benefits. At the present time the skipper has far too many stamps and the sharemen insufficient. If the fish or fishery products which have been produced equally by both skipper and sharemen cannot be shared equally for insurance stamps purposes, then we suggest that the catch be divided into the number of shares plus one which would give the skipper two shares instead of half the voyage and his share of the remaining half; for example, a skipper has five sharemen in all, six men or seven shares.

I do not expect the minister to give an immediate reply to that. It is pretty technical, and it would perhaps tax me a little to give a reply myself.

4. Clearer defining of stamp contributions and receipts for types of work other than fishing. This will have to be done in an educational manner through the press, radio and visits by unemployment insurance office officials similar to those carried out by the St. John's office during the fall of 1957.

5. To encourage fishermen students who attend vocation or training schools during the off season period, and who had been fishing during the past year to qualify for benefits. At present students are automatically disqualified. This we consider wrong and discouraging to our ambitious young fishermen.

I am going to pause here for a moment and say that as the minister knows I feel very keenly about this question. While one can fully understand the provision in the act that anyone who on becoming unemployed goes to school is not strictly speaking unemployed, and should not therefore receive unemployment insurance, it does seem to me that in a period where there is a considerable amount of involuntary unemployment it is very discouraging indeed to these young fellows who would like to go to school to be prevented from doing so because if they do they will lose their unemployment insurance benefits. As the minister knows, I have brought several cases to his attention, and so have other hon. members from Newfoundland and, I believe, from some of the other provinces as well.

It would surely be an advantage from every point of view to have these young lads go to school when they cannot get a job. I do not think this would require an amendment to the act, but I may be wrong. I think it could be done by regulation. If the governor in council wants to stipulate that these young men should agree to accept a job if one turns up, but be allowed to go to school, I would not quarrel very much, though I think it would be better to give the jobs to someone who is not going to school and let them complete the term. I hope other hon. members who represent constituencies where many are engaged in the fishing industry will support me in this plea to the minister that he make this change in the regulations which could not have a very serious effect on the fund and which would in most cases increase the employability of these young people.

And then, if I may return to the document:

6. Fishermen penalized because of employers or buyers mistakes. When the employer or buyer of stamps placed wrongly in fishermen's unemployment insurance books or places stamps of incorrect denomination, fishermen should not be disqualified because of such mistakes, but in consultation with the employer the audit office should make the necessary adjustments and the fisherman should receive the full amount of his benefits.

I am sure the minister will say that is done and I agree with him it is done frequently after a lot of labour on the part of members of parliament as well as on the part of many of the officials of his department. I believe I can say that in the months of January, February, March and April I received more letters from my constituents about unemployment insurance than about all other subjects combined. I know the minister is conscious of this problem and I am sure he will do his best to make improvements in this regard. I continue:

7. We strongly recommend the plan inaugurated by the St. John's office last autumn to have representatives visit various localities and meet with the fishermen and assist them with their problem, and we would suggest that this be extended to all parts of the province during the coming summer and early fall months.

8. We strongly urge the necessity of opening regional offices for not more than two weeks at a number of the larger settlements, especially along the northeast coast, in the strait of Belle Isle and on the Labrador. These offices would expedite the registration of fishermen for benefits, accept their insurance books and forward same to the regional office concerned. We see no necessity for the continued expense of keeping regional offices open other than for the short period during November and December when all our fishermen and many other workers are registering for unemployment insurance benefits.

Dealing with that last point particularly I would suggest a variant. I have some doubt as to whether even opening offices, except in one or two of the bigger places, would be as useful as having a number of itinerant officers who were well trained visit all the settlements, the little ones and the big ones, each officer being given a region, and really settle these problems right there on the spot where he could go to the merchant and talk to the individual and find out where the difficulties arose. It is true, of course, that my friends the hon. member for Burin-Burgeo, the hon.

member for Trinity-Conception, the hon. member for Grand Falls-White Bay-Labrador, the hon. member for Humber-St. George's and the hon. members for St. John's East and St. John's West would not have as many letters to answer as they now have and perhaps we would not ingratiate ourselves with our constituents as we do now but the minister, of course, would greatly increase in popularity with our constituents and it would be for the benefit of these people.

The minister will recall that in the last parliament I described him on one occasion as a displaced Liberal and I do not withdraw that description of him. He is one of those people who strayed from the true faith.

Mr. Starr: I objected last time, too.

Mr. Pickersgill: However, I still think the minister's heart is in the right place and in the main I believe his head is screwed on pretty well.

Mr. Argue: Watch out, Mike.

Mr. Pickersgill: And what is just as important, in my opinion, he takes the view I believe every one in public office should take, the view that until they prove indubitably that they are wrong the citizens are right. When we stop to think that for many of these people whose incomes regrettably are not as large as we would like to see them, who depend for their livelihood on the prompt payment of these unemployment insurance claims, we realize it is not merely a matter of annoyance or inconvenience if there are delays. It is sometimes a matter of forcing these people to go on relief while waiting for unemployment insurance payments to be made.

I could cite a number of cases—I was going to say hundreds but certainly dozens—where that happened and where it caused a great deal of pain to the people. They feel they are entitled to the insurance and it frequently turns out they are not entitled to it and they must agree to pay back the relief and sometimes it is difficult to do that when the time comes and great inconvenience is caused for everyone. I hope the minister will be able to yield to my importunities and those which I am sure he will hear from other hon. members from Newfoundland and probably from the other provinces too, but at any rate from those who represent constituencies on the east coast where the fisheries are prosecuted. I hope he will find it possible to have itinerant officers who will go around in November, December and January and visit the various settlements and settle the questions on the spot, and I really mean settle them.

Of course, there may be occasional problems of such complexity they would have to be referred to St. John's but even then I would hope they could be settled in St. John's without their having to be referred to Moncton. There are two things about the reference of these matters to Moncton that are a source of humiliation to Newfoundlanders. One is the length of time it takes and the other is the fact that the average Newfoundlander feels things should be settled in St. John's. There is a certain humiliation attached to having these matters referred to Moncton, a feeling that it is not quite right, not quite in the spirit of confederation. I am sure the minister is sympathetic with that sentimental position which, although sentimental, is also practical because reference to Moncton takes that much more time.

I do not really think I should trespass more on the time of the minister or the committee. I wish to say again how grateful I am to the minister himself and to all the officials of his department with whom I have had to deal for the courtesy and consideration they have invariably shown. But I do think it is necessary to have more staff and for the staff to be in direct contact with the customers, if I may use that term in this context.

In that connection I wonder if the minister could also give some consideration to another proposal I wish to make. I do not know how feasible this is and I would not speak about this with the same confidence with which I spoke about the previous proposal. I am quite sure I am right about the proposal concerning itinerant officers but I appreciate that there may be difficulties attached to the proposal I am about to make.

It is very worrying to those of us who represent constituencies like mine where there is no large centre or central place for people to go and where they are a long way from the nearest employment office—and I emphasize that aspect of it to the minister—people in places like Bonavista, Twillingate, Wesleyville, Fogo and other places in my district and I could go on to mention others all along the coast of Newfoundland, and in remote ridings elsewhere that they get left out to some degree in the service given to the Canadian people by the national employment office, not consciously left out but unconsciously which perhaps hurts more. I wonder if there could not be some way in which the officers having some authority could make tours and visit these places from time to time and register people and find out what their qualifications were and see to it that when jobs do open up they are not given on a first come first served basis to those

in the big centres; but when there is a shortage of jobs ensure that they are divided up among people in the smaller places who certainly need them just as badly as do those in the bigger places. I merely put that forward to the minister as a proposal and, as I say, I can see there would be some serious difficulties involved in it but I would hope the commission and the minister would be open minded about it and give it study and consideration.

(Translation):

Mr. Pigeon: Mr. Chairman, I want to take this opportunity of congratulating labour unions in my riding, and the Catholic unions, on their invaluable services to workers. I must also point out the part played in Joliette by the local Labour Council.

I call upon the government:

(1) To appoint labour representatives on all councils or boards set up to consider matters of concern to workers;

(2) To consider the possibility of extending unemployment insurance benefits to farm workers;

(3) To continue to vote millions of dollars for housing developments and, if possible, to broaden the scope of the National Housing Act so that all workers may become home owners;

(4) To maintain restrictions on immigration;

(5) To permanently reject the proposal of free trade with the United Kingdom, as it would put 300,000 workers out of work;

(6) To diversify our trade;

(7) To avoid credit restrictions;

(8) To enact, if possible, at some time, legislation forbidding employers to refuse hiring of workers aged 45 or more.

(Text):

Mr. Caron: Mr. Chairman, I do not want to tax the patience of the minister, but since I represent a community where the big majority of the population is composed of trades and labour men, I think I ought to say something on the matter. As I was coming up the hill this afternoon I saw a man carrying a poster on which was written, "Who will give me work?" Thousands of people in this region and thousands more across the country could have asked the same question today, "Who will give me work?" It is not that I want to blame the government altogether for the present situation but we have to admit that unemployment is a major problem today. Some may think that we want to spread gloom and discouragement when we speak of this matter, but a fact is a fact. Unemployment exists at the present time and we are afraid that next winter it will be a lot worse than last winter. If we do not say anything about it, and if that comes about, we can be blamed for not telling the government that something should be done. Some may think that we are going too far. May I be permitted to cite a few remarks made by some of the ministers in 1955, when they were on this side of the house? I have in my hand remarks made by the present Prime Minister, as reported in *Hansard* of the session of 1955, volume II, at page 2035:

> The Minister of Labour mentioned how good conditions were six months ago. This reminded me of an old story on the prairies. A man had died in a blizzard and sympathy was given to the mourners by saying, "Just remember, six months ago yesterday was the hottest day of the year". What a hopeless picture! The government, faced for the first time with serious unemployment that has been mounting over the years, is unable to give any hope. We are unable to rouse them into placing before the people of Canada some of the picture.

At page 2036 of the same volume of the same year, the Prime Minister said:

> The municipalities are loaded down with unemployment relief. The residents of our urban communities cannot bear it any longer. What is to be done about the unemployed employables? What is the attitude of the government? Well, if I understand the press of this country, almost without exception the press says that constitutional matters are today being raised as a smokescreen to relieve this government of its responsibilities. You cannot feed 550,000 hungry stomachs by promising them that if the constitution permitted it something would be done. The government adopts that attitude.

At page 2037, he said:

> I repeat that we do not believe that inaction should be allowed to continue.

At page 3339 of *Hansard*, volume IV, of the session of 1955, the Prime Minister said:

> Even on the question of unemployment the government cannot agree with itself. One department says there are 630,000 unemployed up to April, and another department says 390,000.

This is exactly the situation we had last night when we took the figures of the bureau of statistics and the figures of the unemployment insurance commission. I continue:

> The minister has a revised version that does not even equal the lower figure of the two.

A little later, on page 3940, the Prime Minister said:

> Certainly, the degree to which chaos is present in labour matters in this country indicates that the Department of Labour lacks direction, lacks system and lacks, not authority but direction.

These things were said by the Prime Minister of today. At the time the lady who was the official spokesman for the opposition in

labour matters—she is now Minister of Citizenship and Immigration—said, at page 1601 of *Hansard* for the session of 1955:

Regardless of the number of people who are out of work, regardless of whether the number is 362,000 or 569,000, the question we have to ask ourselves is whether or not hon. members and the people of Canada are going to consider that a person is merely a statistic.

Each of these 569,000 persons reported by the Department of Labour and each of those reported by the dominion bureau of statistics is a human being. Many of them have persons dependent upon them for support. It is not only a matter of buoyancy or lack of buoyancy of the Canadian economy; it is a matter of frightened men and women with cold bodies and hungry stomachs. It is a matter of fear which grips the hearts of working people who are probably employed themselves but see their neighbours idle and who ask themselves: when is it going to happen to me? Certainly, they say, we expect Canada to go ahead. Certain it is that Canada will thrive, but in the meantime what do we eat?

At page 1602 of *Hansard* of the 1955 session, the same hon. lady said:

In the midst of wealth we have human misery. With all the faith in the world these people cannot wait 10 years or 15 years for a steady job and a weekly pay check.

At page 1606, the same hon. lady said:

A nation is prosperous only as its people are prosperous. I think that is an accepted fact.

Farther on, she said:

We cannot afford to wait. This is a time for action.

The Minister of Finance of today took part in the same debate on unemployment following something that the prime minister of the day had said. Mr. St. Laurent said, as reported at page 3396 of *Hansard* of that session:

We have a country where there should be work for everybody and if we are not smart enough to organize the economy of the nation to provide work for everybody we are incompetent.

Then the Minister of Finance of today said:

And we say to the Prime Minister, "Out of thine own mouth hast thou condemned thyself, and not only thyself, but condemned thy colleagues as well."

This is a problem that is national in scope. It is beyond local responsibility. What we want on the part of this government, and what we still look for, are employment measures, some constructive and some effective approach to meeting the deterioration in the economic condition and the unemployment situation in Canada today.

And on the same page there is the following:

The second problem which has been ignored by the government is the problem of unemployment. This problem has been discussed at length in this session, or I would seek to go into it at greater length today. But let me content myself, in this limited time, with making this limited observation on the subject, that the government throughout this session has observed a conspiracy of silence with regard to unemployment; and it has carried that conspiracy of silence into the budget. It is still running away from the problem of unemployment.

This budget does not meet, in fact it cannot even make the pretence of meeting or even assisting to meet, the problem of unemployment. The government is still running away from that problem; they hope to ignore it.

The present Minister of Labour had this to say in the 1955 session as found at page 78 of *Hansard*:

As an example, we in Oshawa found last year that when the rolls showed a decrease in the number of registered unemployed of something like 600 or 700 they were the people who on April 15 were cut off supplementary benefits, but work was still not available. Contracting work was not in progress and construction had not started. Therefore, those people were left stranded without any financial assistance whatever from April 15 to some time toward the end of May. I strongly urge that the Minister of Labour consider the extension of time for supplementary benefits beyond April 15; my suggestion would be to May 15.

The very same situation exists in the automobile industry today. There are many unemployed and at the present time not much is being done. The same minister had this to say in 1955 as found at page 3937 of *Hansard*:

I feel that the Department of Labour and this government should make strenuous efforts to alleviate the present condition of those who find themselves unemployed.

Mr. Chairman, we can take almost everything that was said in 1955 about the condition existing then, apply it to the present government today and the situation would be about the same, if not worse. Unemployment is a problem that we have to face. We have to face it in reality. We have to admit the fact that we are going through the summer with heavier unemployment than we had last year or the year before and that winter will soon be coming with a very grave problem falling upon our shoulders. The government will have to face up to it. The statistics furnished for the week ended June 21, 1958 show that those without jobs and seeking work numbered 320,000 compared with 162,000 in 1957 or a difference of 150,000 in those looking for work in June and not getting any unemployment benefits. These people were looking for work and were not able to get work. If things go on that way, if the numbers of unemployed increase as they have increased in the summer time then I am afraid of the winter which is coming.

Those with jobs and working less than 35 hours a week rose from 413,000 in 1957 to 501,000 in 1958, a difference of 88,000. These people are not working a full week but less than 35 hours a week and the number has increased anyway. In the case of those usually working less than 35 hours a week there is an increase of 72,000 in Canada. If we take

the pulpwood industry we see that in the province of Quebec in the first four months of 1957 there were 1,254,962 cords produced but that in the same period in 1958 the amount has fallen to 678,452 cords. If we take the figures for all of Canada we see that there has been a decrease from 3,499,390 to 2,277,753 cords.

That means that no wood is being cut because the pulp mills have resources sufficient for what they have to do next winter. We can see what is happening around here. In my constituency there are pulp mills in Hull, Gatineau, Masson and Buckingham. In each one of these pulp mills they have not reengaged those they laid off in the fall of 1957 because their warehouses were full to the roof. The trade has fallen. What is the reason for that? We must discover what is the reason. I know that we sold a lot more to the United States last year and the previous year but the warehouses are filled to the roof and they have let workers go. In Masson, Buckingham and Hull there are people only working three or four days a week in the summer. What will the situation be like in the winter if trade does not increase?

We are meeting great difficulty now in international trade. The Minister of Labour is not responsible for the decrease in international trade but as he is a member of the cabinet and has a responsibility to see that people who need work get work I think he should use his influence on his colleagues so that they will do something to help us to sell the goods we have to sell today and in the future.

A while ago we were visited by the electrical workers. We were also visited by the automobile workers. I think the pulp and paper workers and many others might have come here because they all have the same complaint. They are only working part time and they are really afraid of the coming winter. Unemployment benefits will not give much encouragement to them because those who are not working this summer will not have the proper stamps in order to draw benefits next winter. What will the government do about that? Will they let the load fall on the shoulders of the municipalities which have not got the means to take care of it? Will the government let it fall on the shoulders of the provincial governments? The provincial and municipal governments have not got the revenues to assume such a great responsibility and I think the federal government has got to do something now because there is a great problem.

With the increase in unemployment this year, with the increase in the cost of living, we get into a vicious circle. When the cost of living rises the unions try to get higher wages, which they deserve, and when they get higher wages the cost of living increases once more and the prices of our goods may be too high for us to compete in foreign markets. So something should be done anyway. If it is grants to those who cannot sell their goods, all right. We cannot expect to take winter as it will come in a very short time. When I think of winter I think at the same time of a little poem which I believe was written by Faure. He said in French:

(Translation):

Here is winter with her sad retinue,
Bitterly cruel to the poor—

(Text):

That is true. When winter comes, then comes the worst unhappiness. I see that the hon. member for Roberval smiles and laughs at that. That is one thing he does not understand. As I said the other day, his mind is so small as well as his head that he cannot catch very many of these things.

I say that when winter comes, whether the hon. member for Roberval laughs today, it is a problem with which we shall be confronted. This is a problem even if the government is not entirely responsible for the situation. But in accepting the responsibility of governing the country, the government has accepted the responsibility of seeing that everything goes well. I therefore expect that the minister will see that something is done to bring a little bit more happiness in Canada next winter.

There is one last thing I want to speak about. It has reference to the bureau of statistics. I know that it is not the responsibility of the Minister of Labour but labour problems are included in it. I said this to the Minister of Trade and Commerce and I want to repeat it today. When statistics are given with regard to the province of Quebec, the city of Hull is never mentioned. Mention is made of Sherbrooke and Three Rivers which are just about the same size as the city of Hull. But Hull, which has been recognized as the metropolis of western Quebec, is never mentioned at all.

Mr. Peters: It has been mentioned in connection with the printing bureau.

Mr. Caron: Oh, yes; it has been mentioned in connection with the printing bureau. I will come to that matter on some other occasion.

Mr. Argue: It is a very good town.

Mr. Caron: Yes; it is a very good town. I think that if Ottawa did not have the present situation in connection with beer, they would be very poor.

An hon. Member: And very dry.

Mr. Caron: Especially so. But the city of Hull, which is one of the most important

cities of the province of Quebec, should be classified apart from Ottawa. When we come to metropolitan figures, it is always included with the city of Ottawa. There is no sense in this at all. The city of Ottawa has nothing to compare with the city of Hull. It is a city of government employees. The manufacturers which we have in Ottawa are not at all the same as those we have on the other side. When we want to look for figures, what do we find? The other day I was looking for pulp and paper figures, and the only thing I could get was Ottawa-Hull, manufacturing, pulp and paper. There is just a small amount of pulp and paper made at Booth's but now it is E. B. Eddy, their Ottawa mill. I think the minister should ask that the city of Hull be recognized as being an important part of this country, an important part of the province of Quebec, and of the same importance as Three Rivers and Sherbrooke. Then when we want to get figures or statistics we would know where we stand. At the present time it is impossible to get real figures. When I have asked the officials of the Department of Labour, they have told me that the only thing they have is with regard to Ottawa-Hull. I do not blame them for that. They go according to the statistics. But I hope that the minister will see that his colleague the Minister of Trade and Commerce, when he asks his department to prepare statistics for the country and for the province of Quebec, will see to it that the city of Hull is considered as a special part of the province of Quebec and not as a part of the big Hull-Ottawa area.

Mr. Peters: Mr. Chairman, I should like to join those who have congratulated the minister on the manner in which he has handled the problems of the past year. I should also like to make some suggestions as to how those problems can be handled more efficiently in the year to come. We do not want to repeat the remarks that have been made by many others and the warnings that have been given in connection with the unemployment situation. I think that these are generally understood. I am quite sure that the minister has given consideration to some of the problems. I should like to endorse the remarks made where the minister was asked to make his voice heard to see that something more would be done in that regard.

I sat this year as a member of the industrial relations committee and I have very little to say on what that committee did. But in the next year, because it is a new government and because they should have a new outlook and because labour hopes to get something better than what was developed in 1948—certainly a number of years have gone by—we hope to see some new development take place in a federal labour code. We are in the unfortunate position federally of being able to look at some of the provinces of Canada and find that they have better labour legislation and better labour codes than has the federal government itself. Particularly because the federal government is in such a narrow and restricted labour field I think that they could quite easily set up a labour code that would be the envy of the nation and an example to the rest of the world.

In this labour code I would suggest that we set a national standard of wages, working conditions, minimum age of employment, vacations with pay; and that further we do something to assist the people across this nation in establishing equal pay for equal work. This problem has been recognized. Certainly the fair sex representatives of the government and in the cabinet have done their share to popularize this idea, as has the ladies throughout the years who have sat in the House of Commons. But still the problem exists where women who work on the same job, who have the same type of employment are not receiving equal pay. Under the federal labour code or in most of the provinces there are loopholes, particularly in the province from which I come, through which you could drive a truck. In most cases, where cases have been laid before the courts, this road through which you could drive a truck is sufficient for the able employer to duck down one of the by-ways. I therefore think the federal government could give leadership in this field. It is not a field in which it is impossible to work out a program which would be acceptable so that once women are doing the same type of work, they would receive equal pay for it.

There are other things that the labour code should protect. One of these is this. It should guarantee to labour the right to organize and to obtain union security in all public and as well as public enterprises. This matter, of course, became a problem federally in the last few months in connection with the civil service. We found that in the civil service there are several classes of employees. There are some that are civil servants and are protected by two associations which are doing a fair job in most respects. But there are classes of employees that are not covered by the civil service and therefore do not come under the jurisdiction of either one of those organizations. We have also heard of party politics being played in these particular fields. We think that the federal government should put them all into a class where they can be represented and protected and can be given the rights that workers should be entitled to

enjoy in all these matters, and this includes public as well as private enterprise.

Secondly, we should streamline conciliation procedures so as to expedite the peaceful settlement of disputes. I wish to state I am irrevocably opposed to compulsory arbitration for any reason whatsoever.

I think the Minister of Labour was very ingenious and should be complimented upon the solution he found for the recent dispute. I do not agree, and certainly none of the members of this group agree, however, that even as a last ditch resort should we accept compulsory arbitration. If it is necessary to set up an administrator in a particular field, then that administrator must be given the right to settle the problem before the problem is returned to the employer and the employees. Negotiations can be conducted on a third party basis but in no case should the employed or the employer be compelled to accept compulsory arbitration.

Thirdly, we should abolish company unions and provide effective sanctions against violations of the provisions of the act. Company unions in many cases have operated to the detriment of the employer as well as the employee and have been detrimental to the welfare of the national economy as well as to the companies concerned. When company unions grow and become federations they in all cases work out to the detriment of the people who set them up in the first place, and we feel they should be outlawed.

These are only some of the things which must be included in a federal labour code, and I am quite sure the minister has been giving these matters consideration and that probably in the next year or two we will develop a new national labour code which will be as good as, if not better than any of the codes in the provinces across the country.

I would like to mention a matter which was discussed in committee and that is the question of international unions which has become a problem in the last few years. They have been built up for various reasons and I think the time has come to say something good and something bad on this aspect of the labour situation. I belonged for a number of years to the steelworkers' union of America, which is an international union, and I was later employed by the international woodworkers of America union. I have had a considerable amount to do with both of these unions and I believe they are a credit to unionism and to the people of Canada. In a number of cases—and this is particularly true of the international woodworkers' union of America —the Canadian membership outnumbers and outranks the United States union membership but they have made no effort to change the structure in order to create a national union, which they could have done quite easily by a vote at any of their conventions. The Canadian union had a majority and could have seceded from the union and become a national union had they wished to do so, but there are many advantages to belonging to an international union.

The reason why these unions grew was because the companies involved also became international companies. I have dealt with companies which are controlled by and are, in many cases, only subsidiaries of United States companies, and in many cases these United States companies have not given consideration to the Canadian economy and the Canadian way of life, but only in a very few cases have they set up their subsidiary companies in such a way that the policies were different in Canada from those in the United States. The unions have found, when dealing with such companies as Johns-Mansville that the United States company has set up their negotiators to consider the Canadian situation from the United States point of view, and the unions would be in a very bad position if they did not have some official who could be called in and who could handle the situation as it related to the United States situation.

I believe, however, there are very few of these unions which have not turned over the majority of control to their local Canadian union, and I have personally sat on wage policy committees with respect to the steelworkers of America. I have also sat on a Canadian wage policy committee and I can assure the house that the decision of such a conference was not similar in any way to those in the United States. We were not concerned with the situation which had developed in the United States wage policy conferences, but were considering the conditions which existed in this country and which were not always similar to those in the states. Our conditions are usually much poorer from an economic point of view than those across the border, and I think I can say with some authority that the financial set-up of the union has been criticized because in many cases money flows from Canada to the United States. It is true that the international treasury is often in the United States, but this money is a book balance for the purpose of transferring dues to that country. The money is deposited in almost every case in Canadian banks and does not go to the United States.

Speaking for the unions to which I belonged, and I was active president for a number of years of a mining union, the money which was brought into Canada to

assist us with respect to very serious problems in the gold mining industry in 1953 will not be equalled in the next hundred years by the amount of money collected in dues from Canadian miners in that area. This United States money was sent for our assistance and does not take into consideration the money spent helping us to organize and to carry on the business of that union. So I think something should be said for these international unions, and I would also point out that their accounting systems in most cases, though very large and adaptable, do prevent problems which have developed in all unions with which I have had anything to do.

Mention has been made of one international union which is a bad one, but I would suggest that you do not just find unions which are bad and union officials who are bad without also finding bad employers. You do not find them separately. One particular case which affects the Canadian people is with respect to a certain gentleman who was brought to Canada to break a communist-dominated union. That might be good or it might be bad, but it is certainly no credit to the Canadian people that they should need co-operation from outside in order to do the job. The gentleman who was brought in had a record of which no labour man would be proud. I suggest that he came in in this instance with the co-operation of the federal government, which acted in its roundabout role as employer in the shipping industry in connection with a matter of which we have disposed. The government assisted in bringing him into Canada and allowing him to operate under the conditions necessary to perpetuate bad unions and bad union representation. If the representative of the union has no power to fire the men in his employ, to intimidate them or to keep them in subservience, then he cannot remain in that position because they will vote him out. But in this particular case the government assisted in keeping that particular gentleman in his position, and if hon. members check the records of the investigations in the United States with respect to the teamsters union they will find that in all cases where the union became corrupt there was also a great deal of corruption on the part of employers.

Check the record and you will find no union can fire employees. They have not that right. They always obtain this treatment by working out a deal with the employers. Where employers and unions are bad you will find these corrupt practices and I suggest that they are so limited in Canada and happen so rarely that they make headlines when they do. There are now over a million union members in this country and there are very few of them who are bad.

There is another problem which the minister could examine if he saw fit, and that is the matter of choosing a union. The minister was involved in the pipe line industry and in the affairs of the Northern Ontario Pipe Line Crown Corporation and in this particular case one of the things that should never happen in unionism happened. There were a number of companies given contracts and these companies had no employees. They went out and negotiated yellow dog contracts with unions who had no membership in that area and when the employees were hired in this case they were told they were going to pay dues to a particular union and that they would not have any choice in the matter. This problem has become acute because these employees on that line are still not represented. I have a letter from a man who paid $90 in dues in nine weeks and who wrote me to find out what unions he belonged to. These conditions exist because of these yellow dog contracts being signed and the government must bear some responsibility because this concerns a crown corporation.

Also, it is understood that at the end of the 11 or 12 months in a normal contract year the employee has the right to decide collectively whether or not he wants the same union to represent him in the coming year. In cases where the employer and the bargaining agent get together and make a deal they take away that right from the worker, because if there has been a contract signed in that period of time the two month period is no longer applicable because the contract is binding on both parties. This is done without holding a membership meeting; in some cases without there being any employee from that union present. The contracts are signed, and the members are away for another ride for another year with the same thing happening again.

The people who say that the unions have strayed from the job they are supposed to do had better take a look at the employer because he also had to do his share and they will find that the blame does not rest alone on either side. This is a field in which the minister could become involved for the benefit of all Canadian workers. There must be some policing of the gross negligence that sometimes takes place, and I think that labour itself would be very happy to have him put in an administrator when these conditions exist and hope he can straighten them out and put them back on the straight and narrow. In all cases when the employees know what the conditions are they are quite willing to take a stand and do something

about them themselves. I think this is a field that the government has already entered because of the conditions they have encountered on the pipe line, and I am sure they must exist in many other fields.

Another problem which has been mentioned in the committee and which I should like to comment on now is the situation where the courts of Ontario decided that the federal government was going to be involved in certification and in the handling of the problem of the uranium workers. I have in my riding hundreds and hundreds of people who are working in the uranium fields in Blind River and the Elliott lake area. They are mostly either Timmins or Kirkland Lake people who have gone there because of the wage structure and they are having a terrific problem in Blind River. This falls under the jurisdiction of the Minister of Labour. The minister was handling these certifications, but I understand they were turned back to the provincial government by the Ontario courts. The government of Ontario has failed for years and years to do very much for the safety of the mining people working in the mines. The rate of accidents in the mines is very heavy. The silicosis problem, which they could have ended many years ago with laws which would have ventilated the mines rather than putting aluminum dust into people's lungs has not been dealt with. In Blind River they are killing people off every day because they have not the time to implement the proper safety regulations.

I suggest that the minister should take these mines back under his jurisdiction and put in honest inspectors, inspectors who do not go to the mine and hang up their clothes and say to themselves: now that is not going to give the company very much notice. But the mining companies know full well that the inspector cannot go anywhere else until he has picked up his clothes, and that the inspection is going to happen there. It is the same thing as members of the House of Commons committee found when they walked over to the printing bureau. When they found that the Department of Public Works had supplied all the fans in town—

Some hon. Members: Order.

The Chairman: I must point out to the hon. member that the printing bureau and the Department of Labour have separate functions, and I would ask him to confine his remarks to the item under discussion.

Mr. Peters: I was only pointing out that the inspections made in the mines should be impromptu inspections not conducted tours, and that they should not give the people notice that they are going to go, because sometimes conditions can be changed or bettered by the time an inspector arrives. I know myself, because when I worked in the mines we were sometimes sent in to scale the bad places so that the loose rock was not so apparent to the inspector. It looked very nice for a while. It was known when the inspector brought his clothes on Friday, because he left them over Saturday and Sunday and that the inspection usually came on Monday, by which time things were usually in fairly good shape. If these inspections came under the minister, conditions would not be the same in these uranium mines.

I should be happy if the gold mines were placed under the jurisdiction of the Minister of Labour, because if such action is justified in the case of the uranium mines the same justification applies in the case of the gold mines inasmuch as the government buys the product and pays a subsidy with regard to its production. In these respects it is similar in nature to the uranium product. I should like to see something constructive done to bring this under the federal code, particularly when I am sure the minister is going to bring it up to the standard of the best province in Canada and probably a little higher. Certainly the people in the industry would appreciate it.

Another problem is the matter of a national pension plan. Certainly, in the field of mining, a national pension plan is a problem which is before the workers and their bargaining agents all the time. Such workers have a tendency to fluctuate from mine to mine and from area to area and that is a good thing. It is the only thing which made it possible for us to develop our resources in the mining field. But I think consideration should now be given to putting in a national pension plan for them. The pension would be supplementary to the basic national pension of $75. It would be contributory. It should be compulsory for a miner working today to pay a percentage of his wages to a pension plan and the employer should be compelled to pay an equal or a greater amount to the plan.

This would be administered by the government and be transferrable from mine to mine, from industry to industry and from field to field. A miner who worked a number of years in the gold mines and then transferred to the nickel mines could carry his pension with him and when he decided to go to Windsor and work in the automobile industry his pension would be transferred. At the end of 20 or 25 years during which he would have worked in various industries in different parts of the country he would have a decent

pension and could retire and live out his last days without asking for a handout. He would have contributed to the pension throughout his lifetime and it would bear a relationship to the wage he had earned throughout that working period.

I urge the minister to give consideration to this type of pension plan. The minister knows full well that most miners have a short working life and live in poverty for a number of years before they die. The wages in the mines have not been sufficient to permit them to buy government annuities implemented by the Department of Labour in years gone by for a similar reason. I feel confident the minister will take action in the field of pensions and thus benefit many people.

I have only one other matter to raise this evening and that is the question of statistics. The Department of Labour has a large research and statistical branch and the work it does is also done by similar branches in other departments of government. This indicates that we should either expand this branch in the Department of Labour and the Department of Trade and Commerce or else expand the work of the bureau of statistics.

Frankly, I am inclined to believe that the bulletin produced by the Department of Labour is superior to that produced by the dominion bureau of statistics because it contains more accurate, up to date and reliable figures. Perhaps it would be a good idea to dispose of the dominion bureau of statistics and enlarge this branch. We are in no position to finance this type of research work in a number of government departments and duplication could be avoided. The material compiled by the dominion bureau of statistics is not always completely accurate because unions and private firms do not like to make full disclosure of their statistics. I have sought on a number of occasions to use this information during negotiations but I have discovered there are other sources which provide more up to date information concerning wages in plants and industries. Some consideration must be given either to expanding or decreasing the work of the dominion bureau of statistics.

With respect to the duplication of effort we find that the results of the two bodies are not always the same. The figures released by the statistical branch of the Department of Labour sometimes bear little or no relationship or similarity to the figures released by the dominion bureau of statistics. I believe we should consider either increasing the work of this branch or amalgamating it with the dominion bureau of statistics.

[Mr. Peters.]

(Translation):

Mr. Loiselle: Mr. Chairman, although there are those who may not attach much importance to the department whose estimates we are being asked to vote, I consider it to be one of the most important government departments, considering that I represent a riding with a large labour population.

In my riding, where 75 to 90 per cent of the constituents are workers, the unemployment problem has been very acute for the past few months. Every week-end I am visited by scores of people who ask me to help them. They include people who are no longer drawing unemployment insurance benefits, yet who have three, four or five children and are without any means. Accordingly their only hope is to go to the St. Vincent de Paul society in their parish, but these charitable organizations ran out of funds last winter, leaving these poor souls with no choice but to walk the streets, cap in hand. Not a single section of the department does anything to help them.

It is all very well to give us these statistics, but they are inaccurate inasmuch as they ignore those who cannot draw benefits and those who are not registered in the unemployment insurance offices. There are all too many people who, while no longer drawing their benefits, are left out of government statistics. The latest statistics available, dated June 21st, show 320,000 persons seeking employment. This is acknowledged to be a record since the war, for the highest number so far was in 1954, I think, when there were 186,000. This makes today's figure a record for unemployment in Canada.

Speaking only of Montreal, there were as of June 19, 1958, 61,000 registered unemployed, whereas on June 20, 1957, there were only 29,900, which means that there are now twice as many. Last week, when I went to an unemployment insurance office with some citizens who thought they had a good chance to obtain something, a member of the staff of that office told me that this year they had paid out just double the amount of last year. It can therefore be said that in the city of Montreal, the government is now paying twice as much in benefits as last year, and that the number of unemployed has doubled, not counting those who are not registered.

You will remember that, during the conference called last July, federal and provincial ministers of labour studied the problem of seasonal unemployment. After the conference, the minister of labour of British Columbia complained that neither his colleagues nor himself had an opportunity to make any

suggestions in this matter. Moreover, it seems that no definite suggestion was made by the federal government on that occasion. It is also to be noted that no report to the house was made on the matter by the Minister of Labour. We can therefore blame the government for not having announced any project which might have been of assistance to those who are suffering from seasonal unemployment, or those who will suffer from it next winter, for their number will certainly be much greater.

According to the last statistics I just mentioned, it is obvious that there were 320,000 unemployed in Canada in the month of June, twice as many as last year. In spite of this serious situation, the government does not want to extend the period of unemployment insurance benefits during the summer months, and still considers that unemployment as seasonal. It is obvious that it is more than a seasonal situation and that the government should assume that responsibility for the whole year.

In that connection, Mr. Chairman, allow me to suggest to the Minister of Labour, in order that he may deal with the unemployment situation in Canada and particularly in Montreal, that a standard should be set so that as soon as unemployment exceeds a certain figure, the government may act at once. In my opinion, the Department of Labour should use the number of unemployed in 1957 as a basis for future years. It is known that, in 1957, there were from 160,000 to 170,000 unemployed and that, at the present time, there are about 320,000, or about twice as many. It means therefore that there is acute unemployment and that our Canadian citizens are in need. It is the responsibility of the government to help the unemployed as it must feel responsible for it.

This government seems to enjoy setting records. After a record deficit from the Minister of Finance, we are today witnessing a record number of unemployed, that is 320,000.

I repeat that, in my opinion, the government should, when a crisis is upon it, as it is this year, when all the funds provided are expended, assume year round responsibility for the unemployed and help them meet the needs of their families.

I suggest that the government should intervene to help the unemployed when the level of unemployment reaches a certain high mark, let us say that of 1957. The present unemployment situation is all the more serious because people who are unemployed at this moment will remain unemployed next winter. How can they obtain sufficient stamps to qualify for unemployment insurance next winter if they cannot work during the summer? As everyone knows, any worker who suddenly loses his job and who resumes work later, must accumulate a credit of 30 weeks of work to be entitled to his meagre pittance in the form of unemployment insurance. What will the present unemployed do now that they are drawing no benefits, and what will people do next winter who are about to cease getting their benefits? Can you imagine the untold number of unemployed and the misery that will prevail throughout the country next winter? I am not wishing that it will be so, Mr. Chairman, but I fear that next fall and next winter will be seasons of hardship for our Canadian workers. How does the government intend to ensure that these unemployed will not be without work indefinitely?

Since the Conservative government has been in power it has done nothing to help the Montreal unemployed to find jobs.

Mr. Parizeau: Are we going to carve out an eleventh province?

Mr. Loiselle: If that hon. member has something to say, he will kindly wait until I am finished, because he will find it perhaps harder to speak standing up than being seated.

It was content to carry on the big projects initiated by the Liberal government, such as the development of the harbour of Montreal and the works leading to the opening of the St. Lawrence seaway.

Moreover, this government did nothing to encourage the authorities of the city of Montreal to improve housing conditions in old districts. What has the government done to come to an agreement with his friend in the province of Quebec and with the city of Montreal with a view to undertaking new projects of town planning in districts such as the one which I represent here?

We have all read with interest recently the report of the committee charged with the study of the influence of the St. Lawrence seaway on the future development of the city of Montreal. It is essential to adapt the facilities of the city of Montreal to conditions which must be expected after the opening of the seaway. In that field, the federal government must accept its responsibilities. I wish the government would tell us what has been done and what action it is planning in this field. It is obvious that the much needed rehabilitation work would create many jobs for our workers, and that such an undertaking would, in the long run, benefit the whole country.

Mr. Chairman, it is deplorable that in the middle of the summer we should have 320,000

unemployed in Canada. I would not want to go back to the 30's, at the time of the dole, when the municipality of Montreal had to support the jobless, thus incurring debts which the taxpayers of that city are still paying off.

(Text):

Mr. Chairman, I should like to say a few words in English to confirm what I said in French and so that the minister may understand better what I just said in French. I am of the opinion that the unemployment problem should be handled on a different basis. In June, 1957 there were some 160,000 people unemployed in Canada. In June 1958 there were 320,000 people out of work in Canada. The government and the Minister of Labour should inaugurate some system by which we could take care of the unemployed.

We do not like to recall the depression years when whole families were on the dole. In many instances their only food was what they received on the bread line. Workers experienced a period of abject poverty. Life was not worth living. Parents and children were practically starving and dying of hunger and cold. Everybody remembers the 1930's in Montreal. I know something about it. I was living in the city of Montreal. Montreal is still paying off the debts that it incurred to support the out-of-work people in Montreal at that time.

I have a press clipping from the Vancouver *Sun* of July 25, 1958, and I should like to read the following extract:

> Provincial labour minister Lyle Wicks' diagnosis of Ottawa's attitude to unemployment confirms what the *Sun* has several times suggested.
>
> The Diefenbaker government is determined to ignore what properly ought to be called "recessional unemployment".
>
> At the recent municipal-provincial conference on the jobless problem, Mr. Wicks complains, Ottawa tried to restrict discussion to seasonal unemployment. It would limit discussion to what may be expected this winter.
>
> At that, Ottawa has a right to be concerned about the coming winter. As Alderman Halford Wilson said, unemployment is bad enough now and likely to be worse in the winter if preventive steps are not taken. The same day he said it, the local unemployment insurance office warned that "no significant improvement can be expected in the near future."
>
> How true this could be is shown in official figures this week disclosing 320,000 Canadians out of work in mid-June. This is a decline of 46,000 from May but double the figure of a year previous.

As to the suggestion I made a few minutes ago, I have a press clipping from the Toronto *Star* dated July 14, from which I should like to read the following extract:

> There are two ways the federal government can provide for those who will need help. It can change the Unemployment Insurance Act at this session of parliament, lower the requirement that six months steady work must take place between first and second claims for insurance. Or, if it feels that this would remove the insurance principle from the act, it can make special provision for those unemployed who will not qualify for aid. Either way, the government must be prepared to take care of men and women out of work through no fault of their own.

In conclusion, Mr. Chairman, I ask that the government and the Minister of Labour pay special attention to the unemployed people in Canada. I deplore unemployment myself because I represent a constituency consisting almost wholly of labouring people. I know what the unemployed suffer. I again ask that the government and the Minister of Labour enact some measure, if at all possible, so that in bad years like 1958 the unemployed people will be taken care of by the government 12 months in the year, if that is necessary. This will help the people of Canada, and we are here to protect them as far as we possibly can. I would like to see more people working next winter.

Mr. Martel: Mr. Chairman, I should like to say a few words on this subject. First, I should like to congratulate the Minister of Labour and the government for the action they took last year with regard to unemployment by increasing the amount of weekly benefits available to persons covered by unemployment insurance. I think this is clear proof that the government is discharging its responsibility and should a situation similar to that of last winter arise again I am confident that the government will do its best to come to the help of the unemployed. Something should be done, said the hon. members for Hull and St. Ann, but apparently they are unaware that something has already been done. A lot of things have been done by the government and if no action had been taken when the government took office we would have a much worse situation than last year. As proof of this one only has to look at what has happened across the border since then. However, it is most encouraging to note that the United States economy is on the recovery road and the results should be felt in Canada later this fall and throughout next year. One only has to look at today's newspapers to get an idea of the optimistic opinion now prevailing in the United States. The impact of their recovery will be felt in Canada all the more now that the new Progressive Conservative government has repaired our own economy in all sectors. It is reported in today's newspapers that the automobile industry is now staging a spectacular recovery across the border and United States businessmen are confident that 1959 will be a record year. For all these reasons

I believe that the attitude of the Minister of Finance when he presented his budget will be proved to be right and that we may well find that he was not optimistic enough with regard to the year 1958.

What has been done by the government speaks for itself. The record is there and the facts are known throughout the country. Of course, there are still a few clouds in the economic sky but the situation has improved steadily since the government took office. In all sectors of the economy, including employment prospects, official figures across the country clearly indicate that that is so. For the purpose of having it on record I should like to read some extracts from an article that appears in a paper published in my region. I am pretty sure that the hon. member for Hull can see the headline. It is headed, "Employment Prospects Looking Good; Improvement Says Local Commission." The article appeared in the Val d'Or *Star* of August 13 and reads in part as follows:

> Statistics issued for the months of July and August by the commission manager, Mr. M. Decarie, revealed Val d'Or and immediate district as now being placed in one of the best employment areas of the country. In some respects, employment conditions are ahead of those existing a year ago. Despite the fact that businessmen in town describe this summer as "poor" in connection with tourism, the commission states that more jobless have been taken on in this field than there were during the same period last year.
>
> In his report Mr. Decarie says that mine employment has shown a marked improvement in activities in all spheres. This, he comments, has been the best month for mine workers since last year. Operations in the bush are remaining steady, and so far there has been no suspension of work as there was last year.
>
> Construction too has shown a considerable upturn over the past eight weeks, and again employment prospects here are way ahead of a year ago. More building projects over a wide area of northwestern Quebec have accounted for the upsurge in employment among construction workers. In some areas, the *Star* learned this week, it is becoming difficult to obtain skilled building workers.
>
> Commerce and transport industries were also well to the fore during July and August, and a steady improvement was recorded in these two employment categories.

This shows, Mr. Chairman, that the public works program and the actions that have been taken by the government are being felt throughout the country because my area is a remote one and we are feeling the improvement right now. That is not all that is said in this article. I should like to read the last paragraph, which is as follows:

> Although many cities and towns throughout the country are anticipating the coming winter with grave apprehension in employment prospects, commission officials in Val d'Or are quietly optimistic that we shall not reach the depressing unemployment figures reached here last spring.

I wish to take this opportunity, Mr. Chairman, to renew my request to the Minister of Labour for employment offices in my riding of Chapleau. It covers an area of over 80,000 square miles and we have no such offices. There is a population of some 65,000 people and we need a few offices and sub-offices. With such offices I believe it would be easier for our workers to find jobs right in the riding whereas now they have to travel quite a distance to find work.

Mr. Carter: Mr. Chairman, there is one matter which I should like to bring to the minister's attention and I believe this is the only item on which it can be raised. However, before I deal with it I should like to associate myself with the pleas made this afternoon by the hon. member for Cartier and the hon. member for Burnaby-Coquitlam for the establishment of institutions to train teachers as vocational training instructors. I should also like to associate myself with the request made by the hon. member for Bonavista-Twillingate.

The matter which I wish to bring to the minister's attention has to do with the Merchant Seamen Compensation Act which I believe is administered by the Department of Labour. Perhaps I can save time and illustrate my point better by describing an actual case. One of my constituents lost his life at sea and left behind a wife and several children. The wife and children received an allowance under the Merchant Seamen Compensation Act. Susequently the mother died leaving the children as orphans.

The Chairman: Order. I regret to interrupt the hon. member but there is far too much noise in the house tonight. It would be appreciated if hon. members would use the smoking room to carry on their conversations.

Mr. Carter: Subsequently the mother died leaving the children alone in the world. These children were taken into the home of their married sister who acted as a foster mother and after a time the allowance under the Merchant Seamen Compensation Act was restored but because of the wording of this act it was impossible for the foster mother to receive the regular allowance. The reason for that was that the Merchant Seamen Compensation Act stipulates that in order to qualify for an allowance the foster mother must move into the house where the children originally lived. To me that seems to be a rather senseless requirement.

If you take into consideration the situation of a merchant seaman you will find that he is an ordinary person. He is not likely to have a very big bank account and the mother

who is obliged to exist on charity and allowances is going to find it difficult to keep that house in proper repair. In this case the children were taken out of the house in which they lived and were moved into the sister's house in the same community, only a few yards away from where they originally lived.

Surely we in this parliament with that legislation should be concerned about the welfare of the children and not about keeping establishments open. In this case the children have moved into a better home than they had previously. Yet their foster mother is deprived of the allowance because of the wording of the Merchant Seamen Compensation Act. I think that fact indicates that this legislation needs to be overhauled, and I would ask the minister to give the matter serious consideration.

Mr. Deschatelets: Representing as I do a riding which is mostly made up of members of the labouring forces, I think there is no doubt that I am as concerned as is any other member about the unemployment situation and as anxious to take part in this debate on the estimates of the Minister of Labour. Since we are dealing with the estimates I should like to take advantage of the opportunity to ask two questions of the minister in connection with the compilation of unemployment figures. From month to month we receive one set of figures compiled by the dominion bureau of statistics and another one compiled by the unemployment insurance commission. When the minister was sitting on this side of the house I well remember how dissatisfied he was with these two sets of figures. Since we have today more unemployment than we had a year ago, I submit that we should try to improve the system of compilation that we have. With the various offices of the national employment service covering almost every area of this country, I do not see why a more accurate system of compilation with regard to unemployed persons cannot be established. The more accurate such a system is, the easier it would be to bring relief to a specific area where unemployment is more serious than it is in another one.

This brings me, Mr. Chairman, to a question I should like the minister to answer. The Minister of Labour has reiterated many times that the reason why the figures of the national employment service were set aside was that the monthly report included a number of persons who already have a job and are applying for another one. If this is the only reason—and the minister has never given another one—for not using these figures, I should like now to quote the latest report issued by the national unemployment service. On the bottom of this report we read that the count excludes registrations from persons known to have a job and applying for another one. It therefore seems that we are entitled now to an explanation by the minister on this point, because the reason he has given many times in this house is contradicted by the latest report we have received from the national employment service.

I know that the dominion bureau of statistics does not fall under the jurisdiction of the Department of Labour but since the minister is using these figures I should like to have from him some explanation as to how these compilations are made. I hope that the minister in his remarks before the item is voted upon, will care to give us some comment on those two particular points that I have raised.

Some hon. Members: Ten o'clock.

Mr. Deschatelets: Since it is ten o'clock, Mr. Chairman, and as I have a few more remarks to make, may I call it ten o'clock?

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business will be for tomorrow? Perhaps when the house leader is replying, he might tell us what we will do on Monday and Tuesday as well.

Mr. Green: Tomorrow we shall continue with the estimates of the Department of Labour. Then we shall take those of the Department of Mines and Technical Surveys and of the Department of Transport. On Monday we shall commence with the three measures standing in the name of the Minister of Veterans Affairs.

Mr. Chevrier: In the order on the order paper?

Mr. Green: Numbers 1, 2 and 3 on today's order paper; also item No. 16, which is an amendment to one of the other three. Then we shall take item No. 7, second reading of an act respecting the development and improvement of the national capital region; then item No. 12, a resolution preceding a bill concerning the Railway Act; item No. 14, the emergency gold mining resolution; the item which appears under government notices

of motion today having to do with an agreement made under the Maritime Coal Production Assistance Act; then the radio resolution which is on the *Votes and Proceedings* today; then item No. 8, second reading of an act to provide conditional liberation of persons undergoing sentences of imprisonment; then item No. 9, an act to amend the Customs Tariff; then item No. 5, an act to amend the Income Tax Act. If we get all those through before ten o'clock we will have done very well.

Mr. Chevrier: That ought to keep us busy for Monday and Tuesday.

Mr. Green: I do not know about the items for Tuesday as yet.

Mr. Chevrier: It is nice to be optimistic.

Mr. Starr: It will keep you busy until October and he has plenty more.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

Questions

ANSWERS TO QUESTIONS

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

CHARLES LYNCH

Question No. 92—**Mr. Fisher:**

1. Is Charles Lynch an employee of the Canadian Broadcasting Corporation?
2. If not, has he made any appearances for C.B.C. television at Ottawa since May 12, 1958?
3. If so, how many such appearances?
4. Have members of the press gallery made such appearances? If so, what are their names and on how many occasions, since the above date?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

1. No.
2. Yes.
3. Nine (up to the end of June).
4. The following members of the press gallery have made appearances for C.B.C. television at Ottawa up to the end of June:

Michael Barkway on two occasions
John Bird on two occasions
Arthur Blakely on one occasion
Bill Boss on two occasions
Clement Brown on one occasion
Grant Dexter on one occasion
Blair Fraser on two occasions
Marcel Gingras on one occasion
Jean Grand-Landeau on two occasions
Georges Langlois on two occasions
Robert McKeown on five occasions
Lorenzo Pare on one occasion
Frank Swanson on two occasions.

RADIO RELAY TRANSMITTERS, B.C.

Question No. 114—**Mr. Howard:**

1. In which communities in British Columbia, if any, do low power radio relay transmitters operate?
2. In each of the above mentioned communities what is the (a) population; (b) number of radio receiving sets served by each such transmitter?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

1.

Revelstoke
Burns Lake
Terrace
Field
Lytton
Fernie
Prince George
Osoyoos
Hope
Kitimat
Natal
New Hazelton
Grand Forks
Kimberley
Williams Lake
Creston
North Bend
Vanderhoof
Salmon Arm
Ocean Falls
Golden
Greenwood
Princeton
Quesnel
Cranbrook
Smithers
Ashcroft
Oliver
Castlegar
Kaslo
McBride

2.

Location	Population	Estimated No. radio receiving sets
Revelstoke	5,700	1,500
Burns Lake	3,100	800
Terrace	5,900	1,500
Field (1)	900	200
" LPRT's Share	800	200
Lytton	700	200
Fernie (2)	8,000	2,100
" LPRT's Share	5,500	1,400
Prince George	18,400	4,700
New Hazelton	1,500	400
Grand Forks (3)	7,600	1,900
" LPRT's Share	6,000	1,500
Kimberley (4)	14,700	3,800
" LPRT's Share	8,200	2,100
Williams Lake	4,200	1,100
Creston	7,100	1,800
North Bend (5)	1,700	400
" LPRT's Share	1,600	400
Greenwood (6)	8,000	2,000
" LPRT's Share	2,500	600
Princeton	3,800	1,000
Quesnel	10,000	2,600
Cranbrook (7)	16,200	4,200

Questions

Location	Population	Estimated No. radio receiving sets
" LPRT's Share	7,900	2,000
Smithers	4,200	1,100
Ashcroft	2,600	700
Vanderhoof	2,900	700
Oliver (8)	9,200	2,300
" LPRT's Share	7,700	1,900
Osoyoos (9)	7,900	2,000
" LPRT's Share	1,700	400
Salmon Arm	15,700	4,000
Castlegar	10,300	2,600
Hope (10)	5,100	1,300
" LPRT's Share	5,000	1,300
Ocean Falls	3,500	900
Kaslo	2,100	500
Kitimat	12,400	3,200
Golden (11)	2,300	600
" LPRT's Share	2,100	500
McBride	1,700	400
Natal (12)	2,600	700
" LPRT's Share	2,500	600

(1) Field duplicated with Golden.
(2) Fernie duplicated with Natal and Cranbrook.
(3) Grand Forks duplicated with Greenwood.
(4) Kimberley duplicated with Cranbrook.
(5) North Bend duplicated with Hope.
(6) Greenwood duplicated with Grand Forks.
(7) Cranbrook duplicated with Fernie and Kimberley.
(8) Oliver duplicated with Osoyoos.
(9) Osoyoos duplicated with Oliver.
(10) Hope duplicated with North Bend.
(11) Golden duplicated with Field.
(12) Natal duplicated with Fernie.

SECOND TRANS-CANADA HIGHWAY—REPRESENTATIONS FROM WESTERN PROVINCES

Question No. 139—**Mr. Howard:**

1. In addition to the present trans-Canada highway, have any representations or requests been made to the federal government for financial assistance in the construction of an east-west highway through, or in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba?

2. If so, (a) from whom and upon what date was each representation received; (b) what financial arrangements were suggested in each case; (c) what disposition was made to each representation?

3. What action has the government taken with respect to the general suggestion for such highway?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1.—Yes.

2.—

(*a*) Representations received	Date	(*b*) Financial and other arrangements suggested	(*c*) Disposition made
Merritt board of trade Merritt, B.C.	3-6-58	Endorses resolution of Edmonton chamber of commerce requesting federal aid in construction of Yellowhead route highway.	Acknowledged and noted for consideration.
Central North Thompson board of trade, Clearwater, B.C.	26-5-58	Urges agreement between federal government and the government of the province of British Columbia covering construction of proposed Yellowhead highway.	To be considered but advised that priority to be given to completion of present trans-Canada highway.
McBride district board of trade McBride, B.C.	24-5-58	Endorses resolution of McBride farmers' institute concerning Yellowhead highway and solicits effort be made to carry it out.	Advised priority to be given to completion of present trans-Canada highway.
Trans-Canada highway The Southern Route Association, Castlegar, B.C.	12-5-58	Inquires as to whether or not the government of the province of British Columbia has requested federal aid for completion of southern trans-provincial highway No. 3.	Advised that the government of the province of British Columbia has requested federal aid in the construction of highways, but no specific request for No. 3 highway.

(a) Representations received	Date	(b) Financial and other arrangements suggested	(c) Disposition made
McBride farmers' institute, McBride, B.C.	6-5-58	Urges federal government to offer the government of the province of British Columbia fifty per cent of cost of construction of Yellowhead highway between Yellowhead and Kamloops, B.C.	Acknowledged and noted for consideration.
Kamloops board of trade, Kamloops, B.C.	14-4-58	Requests action on construction of proposed Yellowhead route highway between Kamloops and Jasper.	Advised Yellowhead route would be considered in any overall program of federal aid to highways. Priority is being given to completion of present trans-Canada highway.
E. H. Hallock, Hope, B.C.	11-4-58	Urges construction of Yellowhead route in British Columbia.	Acknowledged and noted for consideration.
Mr. and Mrs. Chas. Cleaveley, Little Fort, B.C.	25-3-58	Requests Yellowhead highway through British Columbia be completed.	To be considered but advised priority to be given to completion of present trans-Canada highway.
Minister of Highways, Province of British Columbia, Victoria, B.C.	4-3-58	Requests agreement concerning construction of Yellowhead route highway from Kamloops to Jasper on 50-50 share basis.	Acknowledged and noted for consideration.
Yellowhead route association of British Columbia	28-2-58	Requests offer of federal aid to government of province of British Columbia for construction of Yellowhead route on same basis as trans-Canada highway agreement.	To be considered but advised priority to be given to completion of present trans-Canada highway.
C. H. Wright Trail, B.C.	30-1-58	Urges federal aid for construction of trans-Canada highway on southern Route, Salmon-Creston and Columbia river to Cascade.	Acknowledged and noted for consideration.
Yellowhead route Association of British Columbia, Clearwater, B.C.	27-1-58	Endorses resolution of Edmonton chamber of commerce requesting federal aid in construction of Yellowhead route highway.	Acknowledged and noted for consideration.
Trans-Canada highway the southern route association, Castlegar, B.C.	16-1-58	Urges federal aid for completion of trans-Canada highway No. 3 (southern route).	Acknowledged and noted for consideration.
Associated boards of trade and chambers of commerce of southeastern British Columbia, Castlegar, B.C.	15-1-58	Urges federal aid for early completion of trans-Canada highway No. 3 (southern route).	Acknowledged and noted for consideration.
Central North Thompson board of trade, Clearwater, B.C.	23-12-57	Urges federal government in co-operation with the provincial governments institute an overall policy aimed at creating an arterial highway system on the basis of the trans-Canada highway agreements.	Acknowledged and noted for consideration.
Mayor Wm. Hawrelak, the city of Edmonton, Edmonton, Alta.	28-5-58	Requests Canada's participation in construction of proposed Yellowhead highway.	Advised priority to be given to completion of present trans-Canada highway.
Hinton and district chamber of commerce, Hinton, Alta.	23-5-58	Requests offer of federal aid to government of province of British Columbia for construction of Yellowhead route.	To be considered but advised priority to be given to completion of present trans-Canada highway.
Vermilion board of trade, Vermilion, Alta.	9-5-58	Requests immediate construction of Yellowhead route highway by federal and provincial governments.	Advised priority to be given to completion of present trans-Canada highway.
Trans-Canada highway system (Yellowhead route) association, Edmonton, Alta.	25-11-57	Requests co-operation with provinces on same basis as for trans-Canada highway, to create an arterial highway system.	Acknowledged and noted for consideration.

Questions

(a) Representations received	Date	(b) Financial and other arrangements suggested	(c) Disposition Made
E. T. Love, Edmonton, Alta.	28-10-57	Requests action to construct Yellowhead route.	Advised priority to be given to completion of trans-Canada highway on present route.
North Battleford chamber of commerce, North Battleford, Sask.	6-6-58	Endorses resolution of Edmonton chamber of commerce requesting federal aid in construction of Yellowhead route highway.	Acknowledged and noted for consideration.
Lloydminster and district chamber of commerce Lloydminster, Sask.	5-6-58	Endorses resolution of Edmonton chamber of commerce requesting federal aid in construction of Yellowhead route highway.	Acknowledged and noted for consideration.
Saskatoon board of trade, Saskatoon, Sask.	5-6-58	Requests agreement between Canada and the provinces and early construction of Yellowhead route highway.	To be considered but advised priority to be given to completion of present trans-Canada highway.
Yorkton and district chamber of commerce, Yorkton, Sask.	12-5-58	Endorses resolution of Edmonton chamber of commerce and urges immediate construction of Yellowhead route highway by federal and provincial governments.	To be considered but advised priority to be given to completion of present trans-Canada highway.
Northern Trans-Canada route association, Prince Albert, Sask.	12-3-58	Urges construction of a second trans-Canada highway through Riding Mountain national park in Manitoba to Mafeking, through Tisdale, Melfort, Prince Albert, Shellbrook, Turtleford and Lloydminster in Saskatchewan.	Acknowledged and noted for consideration.
The Saskatchewan chamber of commerce, Regina, Sask.	27-12-57	Urges government of the province of Saskatchewan to complete its section of a second east-west highway and requests federal government assistance on same basis as for the trans-Canada highway.	Acknowledged and noted for consideration.
Saskatchewan No. 14 highway association, Wynyard, Sask.	6-11-57	Requests high priority be given to construction of proposed Yellowhead route.	Acknowledged and noted for consideration.
Town of Kamsack, Kamsack, Sask.	16-10-57	Requests federal government give serious consideration to commence second trans-Canada highway immediately.	Acknowledged, project under consideration by provincial and federal governments.

3. The matter of federal aid to the provinces for highways other than the trans-Canada and roads to resources, for which contributions are now being made, will receive consideration by the government. Priority is being given, however, to the completion of the present trans-Canada highway.

[The following items were passed in committee of supply]:

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Water Resources Branch—

276. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference and a grant of $35,000 to the Canadian National Committee of the world power conference to assist in defraying the costs of the conference's sectional meeting to be held in Canada in 1958, $1,257,459.

277. Construction or acquisition of buildings. works, land and equipment, $123,500.

278. To provide for studies and surveys of the Columbia river watershed in Canada, $227,780.

279. Fraser river—federal expenditures in connection with investigations to be carried out by Fraser River Board, $95,000.

280. To provide for a contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $500,000.

281. To provide for federal expenditures in connection with investigations to be carried out by the Lakes Winnipeg and Manitoba Board, $40,000.

Northern Administration and Lands Branch—

282. Branch administration, $1,209,353.

Yukon Territory—

283. Operation and maintenance, including $1,000 for grants to museums in the Yukon Territory, $820,897.

284. Construction or acquisition of buildings, works, land and equipment, $3,251,084.

285. To authorize payments to be made, in respect of each of the fiscal years in the period commencing on the 1st day of April, 1957, and ending on the 31st day of March, 1962, to the government of the Yukon Territory, in accordance with an agreement to be entered into by the Minister of Finance, with the approval of the Governor in Council, on behalf of the government of Canada, and the commissioner of the Yukon Territory, on behalf of the government of the Yukon Territory, such agreement to provide, on such terms and conditions as may be agreed upon, that the government of the Yukon Territory will not impose,

levy or collect individual income taxes, corporation income taxes, corporation taxes or succession duties, as defined in the agreement, for the five-year period specified therein; the payment of the total of amounts under the agreement to be calculated on the following bases:

(a) an annual subsidy to the government of the Yukon Territory of eighty cents per head in respect of a population of twelve thousand one hundred and ninety (12,190) persons, being the population of the territory for the year 1956 as determined by the census taken in that year, $9,752;

(b) a grant in aid of the government and council of the territory, $30,000; and

(c) for the fiscal year ending in 1958, the sum of four hundred and nineteen thousand dollars ($419,000) and for each of the four immediately following fiscal years the greater or

(A) the quotient obtained by dividing

1. four hundred and nineteen thousand dollars ($419,000) multiplied by the value of the gross national product per capita for the calendar year immediately preceding the calendar year in which the fiscal year for which the payment is made commenced,

by

2. the value of the gross national product per capita for the calendar year 1956,

or (B) ninety-five per cent of the sum paid under this subparagraph in the immediately preceding fiscal year;

the estimated total amount required for the fiscal year 1958-59 being, $478,752.

Northwest Territories and Other Field Services—

286. Operation and maintenance, including $1,000 for grants to museums in the Northwest Territories, $6,263,941.

287. Construction or acquisition of buildings, works, land and equipment, including costs arising out of the relocation of the town of Aklavik and payment of such compensation as the Governor in Council prescribes to persons affected by such relocation, $15,053,450.

288. To authorize payments to be made, in respect of each of the fiscal years in the period commencing on the 1st day of April, 1957, and ending on the 31st day of March, 1962, to the Northwest Territories Revenue Account, in accordance with an agreement to be entered into by the Minister of Finance, with the approval of the Governor in Council, on behalf of the government of Canada, and the commissioner of the Northwest Territories, with the approval of the Council of the Northwest Territories, on behalf of the government of the Northwest Territories, such agreement to provide, on such terms and conditions as may be agreed upon, that the government of the Northwest Territories will not impose, levy or collect individual income taxes, corporation income taxes, corporation taxes or succession duties, as defined in the agreement, for the five-year period specified therein; the payment of the total of amounts under the agreement to be calculated on the following bases:

(a) an anual subsidy to the government of the Northwest Territories of eighty cents per head in respect of a population of nineteen thousand three hundred and thirteen (19,313) persons; being the population of the Territories for the year 1956 as determined by the census taken in that year, $15,450.40;

(b) a grant in aid of the government and Council of the Territories, $30,000; and

(c) for the fiscal year ending in 1958, the sum of five hundred and twenty thousand dollars ($520,000) and for each of the four immediately following fiscal years the greater of

(A) the quotient obtained by dividing

1. five hundred and twenty thousand dollars ($520,000) multiplied by the value of the gross national product per capita for the calendar year immediately preceding the calendar year in which the fiscal year for which the payment is made commenced,

by

2. the value of the gross national product per capita for the calendar year 1956,

or

(B) ninety-five per cent of the sum paid under this subparagraph in the immediately preceding fiscal year;

the estimated total amount required for the fiscal year 1958-59 being $585,451.

289. To provide for contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements that have been or may be entered into by Canada and the provinces, $9,000,000.

Forestry Branch—

290. Branch administration, $139,678.

Forest research division—

291. Operation and maintenance, $1,328,886.

292. Construction or acquisition of buildings, works, land and equipment, $164,283.

Forestry operations division—

293. Administration, operation and maintenance, $302,780.

294. Construction or acquisition of buildings, works, land and equipment, $19,230.

295. To provide for contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,650,000.

296. To provide for contributions to the provinces pursuant to agreements entered into or to be entered into, with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them in establishing forest access roads and trails for the attainment of adequate fire protection as well as other aspects of forest management, $1,000,000.

297. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $600,000.

Forest products laboratories division—

298. Operation and maintenance, $750,299.

299. Construction or acquisition of buildings, works, land and equipment, $259,260.

300. Grant to Canadian Forestry Association, $20,000.

301. Eastern Rockies Forest Conservation Board—remuneration and expenses of the federal member of the board, $5,575.

National Museum of Canada—

302. Administration, operation and maintenance, $603,292.

Canadian Government Travel Bureau—

303. To assist in promoting the tourist business in Canada, including grant of $5,000 to the Canadian Tourist Association, $2,182,206.

506. To authorize advances to the northern Canada power commission for the purpose of capital expenditures in accordance with subsection (1) of section 15 of the Northern Canada Power Commission Act, $7,910,000.

507. To provide for advances in accordance with agreements entered into or to be entered into pursuant to the Atlantic Provinces Power Development Act, $11,329,000.

508. To authorize the operation of a revolving fund, in accordance with section 58 of the Financial Administration Act, for the purpose of acquiring and managing stores required for the operation and maintenance of the national parks of Canada; the amount to be charged to the revolving fund at any time not to exceed, $1,000,000.

National parks branch—

National parks and historic sites services—

580. Construction or acquisition of buildings, works, land and equipment—further amount required, $500,000.

581. Grant in aid of the development of the International Peace Garden in Manitoba—further amount required, $5,000.

582. To authorize payment of the national battlefields commission for the purposes and subject to the provisions of an act respecting the national battlefields at Quebec (Chap. 57, Statutes of 1908, as amended)—further amount required; payments made or to be made for the erection of a monument to Sir George Garneau as ratified, $20,150.

583. Grant to the city of Orillia to assist in the commemoration of Stephen Leacock in accordance with an agreement between the government of Canada and the city, $15,000.

Northern administration and lands branch—

584. Branch administration—further amount required, $59,440.

Northwest Territories and other field services—

585. Operation and maintenance—further amount required, $69,604.

586. Construction or acquisition of buildings, works, land and equipment—further amount required, $3,500,000.

National Museum of Canada—

587. Administration, operation and maintenance—further amount required, $15,000.

Canadian government travel bureau—

588. To assist in promoting the tourist business in Canada—further amount required, $78,000.

659. To provide for advances in accordance with agreements entered into pursuant to the Atlantic Provinces Power Development Act—further amount required, $2,290,000.

HOUSE OF COMMONS

Saturday, August 16, 1958

The house met at eleven o'clock.

TRADE

ANNOUNCEMENT OF NEW EXPORT CONTROL LIST

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have an announcement to make with regard to the Canadian export control list. By order in council P.C. 1958-1158 of August 15, 1958, a new export control list is established, effective from August 16. This will be published in an early issue of the *Canada Gazette*, perhaps the August 27 issue. I have here copies of the revised export control list which I will table for the information of hon. members.

In revising our export control list in conformity with the agreed new strategic list, it has been the objective wherever possible to narrow the range of commodities of all types which will require export permits. As a result, in many cases items which remain under control have had to be defined in greater detail. Although the effect at first glance at the list disguises the real extent to which the list has been narrowed, examination will show that there have been very significant changes in the content of the list as far as Canadian export trade is concerned. Such items as aluminum, copper, and many forms of nickel have been dropped from control, as have a number of items of metal-working machinery, general industrial equipment, electronic equipment, transportation equipment and chemical products. The revised list will include as new items certain electronic devices, jet fuels, containers for liquid gases, and certain chemicals.

Many of the items which have been dropped from the list in all likelihood will find no place in our exports to Soviet bloc destinations. The most significant effect of removal of control in these cases is that permits will no longer be required for exports to friendly countries. The export control list, moreover, serves an important function in indicating those items which are regarded as strategic, and an endeavour has been made to set forth the list in such form that traders may use it for this purpose. This means that if items are not on the export control list, permits will be readily available for export to any Soviet bloc destination on application. Permits for all exports to Soviet bloc destinations will still be required under our general area control of shipments to such destinations.

It is our purpose in administering export controls to reduce the paper work for all concerned to the essential minimum, and to eliminate misunderstanding. Our new export control list will serve as a clear lead as to strategic control policy. We are prepared to discuss with exporters ways and means by which we can still further simplify for them the procedure in complying with the remaining controls. Special permits can be used for regular shipments of items on the export control list to specified destinations, and further general permits for specified goods to destinations subject to area control. These possibilities will be given continuing attention in the department, and exporters are invited to indicate their interests. Our objective is a major reduction in the necessity for individual licences.

Hon. L. B. Pearson (Leader of the Opposition): In connection with a statement the minister has just made, may I ask whether when he uses the expression "Soviet bloc countries" he includes continental China in that group, and if not whether there is a special list for continental China?

Mr. Churchill: Continental China is included. There is no special list for that country now.

[*Later:*]

U.S.S.R.—REPORTED OPENING OF TRADE COMMISSIONER'S OFFICE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, would the Minister of Trade and Commerce care to comment on a press report this morning to the effect that Canada is considering the opening of a trade commissioner's office in Moscow this fall? Would the minister further say whether he is giving consideration to a personal tour of Soviet bloc countries in the interests of expanding trade?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, both these questions were raised when the estimates of trade and commerce were before the house and I commented on them on that occasion; this is simply a repetition. I said at that time

that we were seriously considering the question of posting a trade commissioner to Russia, but that at the moment no decision has been reached.

With regard to whether or not I was contemplating a trade mission, I said at that time that consideration was being given to active trade promotion but that I had not reached a decision as to what countries might be visited.

[*Later:*]

NAFEL—PROPOSED PROCEDURE FOLLOWING WITHDRAWAL OF SPECIAL PERMITS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. On August 1 the minister announced that the government had decided that the exclusive right of export held by the Newfoundland Associated Fish Exporters Limited would terminate next July. I should like to ask the minister if he will advise this house what the government proposes to substitute for NAFEL.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this subject has been before the house by way of question and answer on several occasions. We received representations from interested parties engaged in the Atlantic fisheries, and I stated at the time the date was set for the conclusion of the exclusive right of NAFEL that we were quite prepared to continue negotiations with the interested parties in order to arrive at some solution to the problem. It has to be a joint undertaking, not one solely sponsored or proposed by the dominion government; there is a responsibility resting upon the provincial government of Newfoundland and upon the associations that are engaged in the fishing industry.

I can assure the hon. member that we are quite prepared to play our part in these negotiations and to provide some of the initiative required to arrange meetings of the interested parties, and I hope that before too many months have gone by a solution to this very important problem can be reached. We have made quite a study of the difficulties facing the Atlantic fisheries, and there is no question at all but that steps should be taken, perhaps jointly between the dominion government and the provincial government, to solve some of these difficulties.

EXTERNAL AFFAIRS

MIDDLE EAST—STATEMENT ON DEVELOPMENTS AT UN SPECIAL ASSEMBLY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, a number of hon. members have asked me respecting the major developments which have taken place during the emergency special session of the general assembly up to the time of its adjournment yesterday.

President Eisenhower, in his statesmanlike speech, made a number of points which deserve the close attention of all members of the United Nations. Among those points was the emphasis which he placed on the need for the economic development of the area in the Middle East and the need to have the function of leadership invested in the Arab states themselves. Similarly, in the suggestions he made for a United Nations body to examine the question of the flow of heavy armament to the nations of the Middle East, he stressed that any arrangements made in this connection must reflect the views of the countries of the region.

The President made a number of other suggestions in which Canada has a continuing interest and which are now undergoing thorough study.

One of the suggestions made by the President, that for a stand-by United Nations peace force, is of course of particular importance and interest to Canada, because we have consistently advocated the need for flexible United Nations machinery which can be employed to prevent dangerous international situations from developing into international hostilities. We hope the present crisis in the Middle East will focus the attention of members of the United Nations on the necessity for taking steps so the United Nations can quickly and effectively deal with threats to any country's independence and integrity, not only to restore order once hostilities have broken out but to prevent armed conflict from breaking out at all.

The points made by the President that I have mentioned so far relate to long-term problems in the area which may require extensive consideration and detailed preparation, because they are essentially regional problems. There are, of course, more immediate problems in the area demanding early solution. President Eisenhower referred to these as well in his references to United Nations concern for Lebanon and to the need for United Nations measures to preserve peace in Jordan. The United Kingdom foreign secretary and others have also dealt in preliminary fashion with the issues involved. However, the statement of the Jordanian delegate on Thursday to the effect that Jordan did not wish to have either United Nations observers or a United Nations force on its territory has introduced a new and unexpected element, requiring careful examination in the light of further information that may become available. The Jordanian

authorities have not, however, ruled out some form of UN representation appropriate to the situation in their country.

The task now, as we see it, would be to attempt to develop solutions to these problems in an atmosphere of mutual co-operation and restraint. I am sure the house will agree that this process will not be facilitated by too many public utterances or the taking of firm positions. I would hope that all those countries directly concerned would exercise moderation and forethought in anything they may say or do in the circumstances.

I think it is only fair to say that Canadians as a whole will be very pleased that during the last few days at the United Nations it has been generally recognized that the Secretary of State for External Affairs (Mr. Smith) has played a full and important part in these important negotiations.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the house I know will have heard with great interest the Prime Minister's statement on the important developments taking place at the United Nations assembly in New York. I do not wish to add to any public statements that are being made, but I should like to state my agreement with what the Prime Minister has said to the effect that the original statement of the President of the United States was hopeful in the sense that it seemed to put forward ideas which might serve as a basis for a resolution providing for United Nations action in the Middle East which might help to solve some of these problems. This action, however, if it is to be effective will have to include the participation of all the leading members of the United Nations.

As the Prime Minister has said, the reaction of the representative of Jordan in his original statement was discouraging. I sincerely hope it will be possible for the Jordanian government to alter the position which it seems to have taken in this statement and which is very difficult to understand coming from a country whose stability is now being protected by the troops of the United Kingdom.

It is difficult to understand why a country in that position should hesitate to accept replacement by a kind of international intervention which would make possible the withdrawal of the United Kingdom troops. We must hope that that position can be altered.

I would like also to assure the Prime Minister that we all, without regard to party, are happy about the activities of the Canadian delegation. We know that under the leadership of the Secretary of State for External Affairs they will play a useful and constructive part in those developments.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. are pleased with the hopeful indications from the United Nations that this very grave problem may be solved. We feel that our stand in past weeks, when we said that United States and United Kingdom troops should not have gone into that area and should subsequently have been withdrawn, has proven to be correct.

We were pleased with the statement by the President of the United States. We hope it may be possible to establish United Nations forces or United Nations observer teams in that area which will replace the troops from outside nations who are now stationed there. We further hope that this will be accompanied by a large-scale economic development program, always bearing in mind the interests of the citizens of that area.

I have read with approval the press reports of the decision taken by the Canadian delegation at the United Nations. I agree with the Leader of the Opposition that the stand taken by Jordan is most disturbing. I have also read with concern reports of the position being taken by the United Kingdom and the great reluctance to withdraw her troops from Jordan. In spite of the position taken by the United Kingdom, I hope Canada will press forward on a middle course, designed to bring peace to that area. Since we are a very important and prominent member of the commonwealth, we may exert over the United Kingdom that influence necessary to bring the United Kingdom and the United States into agreement, together, we hope, with other major powers, so that peace will be restored and maintained in that area.

CUSTOMS ACT

AMENDMENTS RESPECTING VALUE FOR DUTY, APPEALS TO EXCHEQUER COURT, ETC.

Hon. George C. Nowlan (Minister of National Revenue) moved for leave to introduce Bill No. C-51, to amend the Customs Act.

Motion agreed to and bill read the first time.

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS— CONTINUANCE OF C.B.C.

Hon. George C. Nowlan (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to establish a board of broadcast governors to regulate broadcasting in Canada; to provide that the expenditure of the board shall

be paid out of money appropriated by parliament therefor and also to provide for the continuance of a corporation known as the Canadian Broadcasting Corporation for the purpose of operating a national broadcasting service in Canada; and to provide further for the payment, remuneration, salaries and fees of the officers and employees thereof.

Motion agreed to.

NATIONAL DEFENCE

VISITS TO NORTHERN DEFENCE INSTALLATIONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of National Defence. In view of the fact that a spokesman for the United States state department appears to have contradicted a statement made in this house by a minister on the subject, will the Minister of National Defence state what exactly are the procedures which must be observed by Canadians, whether members of the government, officials or non-officials, visiting United States or joint United States-Canadian defence installations in the Canadian Arctic?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, possibly I could answer that question. Throughout the years I have felt that in the northern defences of Canada there were in existence situations that could conceivably derogate from Canada's sovereignty. When I became Prime Minister one of my first acts was to have this question looked into in detail, with a view to assuring that, while we co-operate in defence willingly and freely, in no way shall our sovereignty be impeded or interfered with; and further than that, that everything that could possibly be done should be done to assure that our sovereignty to the North pole be asserted, and continually asserted, by Canada. Following that viewpoint, as I said, negotiations have taken place. As was said by the Minister of Northern Affairs and National Resources, as appears at page 3542 of *Hansard*, a friendly and favourable response has been the result of the representations made.

The most recent outline of agreed procedures is contained in the agreement arrived at in respect of the distant early warning line and the co-ordinating committee in that behalf. This co-ordinating committee was established some years ago to provide for interdepartmental consultation on the technical problems arising from the construction and operation of the D.E.W. line. Procedures in effect are today visit reporting procedures and not clearance procedures, and in effect are arrangements that were required purely for administrative reasons.

[Mr. Nowlan.]

The facilities of the distant early warning line are relatively spartan. Advance knowledge of visitors is essential if food and lodging is to be made available. For that reason agreements have been reached by which in the planning and arrangement for the provision of accommodation at stations, account has to be taken of the indicated requirements for limited transient accommodation in order to look after the departmental personnel whose presence at the site is necessary in connection with the performance of their official duties. No provision has been made in the construction of the stations for the accommodation or feeding of personnel except those associated with the operation of the line or whose presence is necessary because of the construction and operation of the line. There are particular provisions in respect of civil air carriers which are not applicable to the question asked by the hon. gentleman.

Today the situation is that all that is required is that departmental personnel, government representatives and the like who desire to travel in the area shall make known their intentions, to the end that the D.E.W. line co-ordinator, Department of National Defence at Ottawa, may make the necessary representations to the areas in question to provide not only for stopovers, if stopovers are necessary, but also for refueling facilities.

I am glad to say that as a result of the representations we made changes have been effected. The other day the Leader of the Opposition made it quite clear that he realized that there had been regulations during the time he administered the department of the Secretary of State for External Affairs. These requirements have gradually, in the light of mutual discussions, been amended, and today there is nothing that requires to be done that in any way interferes with, impedes or diminishes our sovereignty.

Mr. Pearson: May I ask a supplementary question. Are we then to take it from what the Prime Minister has said that the present regulations between the two governments covering this matter are satisfactory and that there is nothing in their application about which Canadians need to be ashamed?

Mr. Diefenbaker: The regulations now in effect, and which came to their final determination on July 23, are such as to assure that Canadian sovereignty is maintained and that there is nothing that interferes in that direction.

Mr. Hazen Argue (Assiniboia): Can the Minister of Northern Affairs and National Resources say whether in the past the United States has used its authority to bring about very long delays in approval of applications

by Canadians to visit certain areas of the north? Can the minister further inform the house what official it was who was delayed for so many months, and whether the statement attributed to the minister in the press is correct, that in the house he had "goofed"?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I think the statement of the Prime Minister this morning covered the subject very clearly, and I am one of those who do not believe in going back over the past at a time when we are making very favourable progress in our relationships as between two friendly, neighbourly countries.

Mr. Argue: Then does the minister stand by his statement that is in the *Hansard* record, or is the statement in the press correct, that "I goofed"? Which is it?

Mr. Hamilton (Qu'Appelle): I was just as amazed as the hon. member for Assiniboia was when I saw the report in the newspaper this morning.

Mr. Benidickson: He did not say he was amazed.

PUBLIC SERVICE

REPORTED GOVERNMENT REFUSAL TO INCREASE SALARIES

On the orders of the day:

Mr. Alexis Caron (Hull): Would the Prime Minister comment on an article which appeared in the Ottawa *Journal* today to the effect that civil servants have been refused a pay boost which they have demanded?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not seen the article in question, but as far as a refusal is concerned there has been no such refusal. I think on Monday or Tuesday next the president of the association will be calling on me, and I look forward to listening to the representations which will be made at that time.

INQUIRY AS TO REPORT OF CIVIL SERVICE COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): May I ask the Prime Minister whether the government has now received a report from the civil service commission regarding civil service salaries, and whether or not this report, either now or at a later date, will be made public?

Hon. Donald M. Fleming (Minister of Finance): Reports of that nature come to the Minister of Finance. I recently received a communication from the civil service commission on this subject, that is to say, a communication reporting on the study made by the salaries research bureau of the commission.

Mr. Argue: Would the minister care to indicate the nature of that report and whether there is any indication of a recommendation for an increase in salaries?

Mr. Fleming (Eglinton): The report I received from the commission indicated in general that the salaries research bureau, following its extended investigation into the scale of salaries, finds there is no case at present for a general increase, but that there are certain categories in the civil service into which there should be further investigation to determine from the facts whether a case for an increase exists.

Mr. Alexis Caron (Hull): As a supplementary question could the minister tell us if there will be a further study with respect to a boost in salaries for the lower salary brackets in the civil service?

Mr. Fleming (Eglinton): Mr. Speaker, one of the functions of the salaries research bureau established within the last year is to conduct a continuing survey of salary levels paid in all categories of the civil service. I referred earlier to a communication which I recently received on this subject and which is to the effect that the civil service commission has drawn the attention of the government to the fact that the salaries research bureau is continuing its investigation with respect to certain categories where there is some indication of a case for an increase in existing levels.

Mr. Caron: So there is no final report as yet on this question?

Mr. Fleming (Eglinton): No, not in the sense in which my hon. friend is using that phrase. There is never finality about any report; it is only a report as of the time of the study and taking into account the existing circumstances upon which the study is based because, naturally, conditions are changing all the time. With respect to those categories, however, where the civil service commission has noted the view expressed by the salaries research bureau to the effect that there may be a case for an increase, the commission has approved extended studies.

Mr. Caron: Will the report presently in the hands of the minister be tabled so that we may study it?

Inquiries of the Ministry

Mr. Fleming (Eglinton): I shall be glad to look into that subject and consider the nature of the communication which has been received.

IMMIGRATION

REPORTED ENTRY OF UNDESIRABLE PERSONS FROM UNITED STATES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of her known aversion to the entry into Canada of gangsters, thugs and racketeers from the United States, I wish to direct a question to the Minister of Citizenship and Immigration. In view of the fact that police authorities in Montreal are reported as saying that shady characters from the United States have a lot to do with the terrific rise in the crime level, and in view of the law in this respect, can the minister explain why these persons are permitted to enter Canada and, in view of the fact that the Canadian people are banking on departmental courage in facing this problem, would the minister inform the house what action is taken by the officials of her department to prevent the entry or the continued residence in Canada of these undesirable characters?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I read the article in this morning's press, and I am sure we all regret it if the statement is true. However, I inquired in my department, as well as I could on a Saturday morning, and I could find no trace of the department having been approached by the police of Montreal for assistance in this regard.

The United States-Canadian border is probably the most open border in the world. We are very proud to have a great many United States tourists visit Canada every year, and we are also glad that our people are very easily able to go into the United States. I may say we have no specific figures with regard to border crossings, but an estimate for 1957 was that some 53 million people crossed the border from the United States into Canada.

Obviously we could not examine every one of those persons. It is a matter for the local police to ascertain if they have in their community people who are objectionable, and I can assure the hon. member that upon application from any municipal authority which can supply us with the information required, my department will not hesitate to take such action as may be necessary to remove objectionable persons from this country.

[Mr. Caron.]

NATIONAL PARKS

GARIBALDI PARK, B.C.—INQUIRY AS TO TRANSFER OF RESPONSIBILITY

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I would like to direct a question to the Minister of Northern Affairs and National Resources. Has the government of British Columbia made any offer to the Canadian government in regard to the federal government taking over responsibilities for Garibaldi park, or has the federal government made an offer to the British Columbia government, or are any negotiations taking place in this regard?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, speaking from memory there have been discussions between the responsible minister in British Columbia and myself and there has been an exchange of letters between us, but I do not think that there has been anything in the form of a definite offer one way or the other. We have discussed the circumstances, but I do not think I can honestly say that any offer has been made by either side in those discussions.

Mr. Regier: As a supplementary question, would the minister inform the house what seems to be the major handicap or stumbling block in the way of obtaining a transfer of this park into the hands of the federal government?

Mr. Hamilton (Qu'Appelle): This is a very involved subject, and I do not know whether this is the proper time to make such an answer.

SUPPLY

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

DEPARTMENT OF LABOUR

General administration—

170. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences (also includes the former Labour Gazette, women's bureau and manpower utilization votes), $1,067,166.

Mr. Deschatelets: Mr. Chairman, last night before adjournment I was pointing out to the committee the very serious discrepancy between the statement made by the Minister of Labour and the report of the national employment service offices, and I was about to conclude that on various occasions the Minister of Labour has given us information which was not in accordance with the facts. I am now going to refer to page 2523 of

Hansard of July 22, 1958. Here is a question which was asked by the hon. member for Bonavista-Twillingate:

I should like to ask the Minister of Labour a question based on the discrepancy between the figures for registrations at national employment service offices, which were over 526,000 on June 19, and the dominion bureau of statistics figure of persons without jobs and seeking work which was 320,000 on June 21.

The question continued for a few lines, and here is the answer which was given by the Minister of Labour:

Mr. Speaker, I have explained the situation to the best of my ability on a number of occasions in answer to questions that have been asked of me. However, I can say this: this is the method being followed by our national employment service offices in registering people amongst whom are those presently employed but who are seeking other employment.

Mr. Chairman, I have in my hand the latest report of registrations with the national employment service offices dated July 21, 1958, which shows that on that date 526,648 persons were registered and were looking for work. At the bottom of this report there is an explanatory note, and a very important one, because it throws a very different light on this subject from the light that was thrown upon it by the Minister of Labour on several occasions. This contradicts fully and completely the statement made by the Minister of Labour that the number reported by the national employment service offices includes persons presently employed who are seeking other employment. I read the following sentence from this note:

The count excludes registrations from persons known to have a job and to be applying for another one.

Then at the end of this note another disturbing fact comes to light. It is stated very clearly that not all persons who are looking for work are mentioned in the count. I feel, therefore, that we are entitled to an explanation from the minister, and unless he can give a valid reason to the contrary it seems very clear now that these figures from the national employment service offices are not only reliable but that they are the only set of figures at our disposal which give an accurate picture of the present unemployment situation. If this is so it is about time something should be done about it, and done very quickly. The working man—

Mr. Starr: Perhaps I may intervene at this point; I feel I should. The hon. member is casting innuendoes to the effect that I have purposely misled the house by quoting figures that are wrong, and then he tries to prove that point by quoting figures issued by the employment offices.

I want to say that at all times any information I have given here has been supplied to me by offices of the national employment service to meet requests of hon. members of this house, and the figures I have quoted have been accurate figures according to employment service registrations. At no time have I changed those figures after they have been given to me for release here in this house.

The hon. member seems to place a great deal of stress on the word "known", but there are a great many people who are registered at these offices who are not known to have other jobs but who nevertheless do have other jobs. However, they did not report the fact that they were presently employed and were registering for the purpose of obtaining new jobs. The key word is the word "known", and the count excludes those who made that statement when they registered. But it does not exclude all those who have jobs and who are seeking better jobs but who failed to state they were in that category when they registered at our national employment service offices.

Mr. Deschatelets: Would the minister answer a question at this point. Is it not a fact that on several occasions, not only during this session but during the last session, the minister repeatedly said that he was not relying on these figures from the employment service offices because those figures included a number of persons who were seeking other jobs while they were actually working? Is that not a fact? How does the minister reconcile his stand with the fact that the report of the national employment service which I read mentions that the count excludes registrations of persons known to have jobs and who are applying for other jobs.

Mr. Starr: Mr. Chairman, I have endeavoured in the best way I know to explain the fact that the count excludes registrations of persons who are known to have jobs. By that I mean those people who come to the office and advise that they have a job but who wish to register for a better one. We feel sure there are others who register but who do not give that information.

Mr. Deschatelets: We will let the people of this country judge whether or not there is a contradiction in the minister's stand. I am going to conclude my remarks by saying this. It is significant that at this time of the year, when the situation should have been so much improved, we still have twice as many jobless as we had last year and more than we have ever had in any summer period since the last depression.

The workingmen of Canada have a right to be given an opportunity to work and earn

an honest living so they can provide their families with the necessities of life. The Canadian worker does not want charity or a dole. The Canadian worker simply wants employment. It is the duty of this government to provide him with an opportunity to work. We all remember very well a few months ago when hon. gentlemen opposite in the Conservative party were going all across the country and from both sides of their big mouths were promising that everyone in this country would have work. It is about time something was done about it.

Mr. Herridge: Mr. Chairman, as a member representing a large number of industrial workers I wish to take advantage of this opportunity to make a few brief comments on several matters that concern the working people of my constituency. I might explain before proceeding that as an honorary member of a trade union and as a small employer and as a farmer—

Mr. Ricard: As everything.

Mr. Herridge: —who has lived in complete independence all his life slightly above the parish relief level, I am able to take a strictly objective view of this question.

While we know that on the whole the labour movement in Canada is democratic in structure and controlled by the rank and file, there are a few blotches on the escutcheon that are causing serious concern to many of the rank and file members of the trade union movement in this country, to the public in general and to hon. members of this house. From my experience in interviews with trade unionists, from correspondence I have received from the Atlantic to the Pacific and from a large number of interior places, and from numerous affidavits I have received in recent months which for the first time have been forthcoming from union members, I am of the opinion, as are some other hon. members who have expressed themselves previously in this debate, that there is an unhealthy state of affairs in a few trade unions in this country.

To illustrate that point I mention the fact that just prior to dissolution last session two members of the seamen's union came to this house and spoke for nearly three hours to 25 members of parliament representing all parties. I can tell you that from their point of view it was a hair-raising experience.

Personally I have received many complaints from workers on pipe lines, and I investigate them to the best of my ability. Prior to coming to Ottawa last session I discovered that an American was in charge of one operation and was collecting union dues, and the poor beggars who were paying the dues did not know what union they belonged to. They never saw a business agent or attended a meeting, and often after paying $15 for dues they would be fired three days later and other chaps hired.

A good many hon. members of this house were concerned recently by newspaper reports stating that a Canadian union critic of Mr. Hoffa, who was secretary of one of the largest teamsters' unions in Toronto, was fired by Mr. Hoffa. These things are not being taken very well by the rank and file of labour, the Canadian people or a large number of members of parliament.

In every case brought to my attention these violators of the democratic rights of Canadian workers and the principles of union democracy were imports from the United States. Just as I resent any control of the Canadian economy by large United States firms, in the same way I resent any interference with Canadian union affairs on the part of people like Mr. Hoffa and his associates. I trust, Mr. Chairman, the day will not come when that type of person and others associated with him are able to control the organized labour that will be related to the operation of the St. Lawrence seaway.

I know it is the responsibility of the Canadian labour movement to deal effectively with those who violate the traditional principles, practices and procedures of the movement. I wish to say most emphatically, and I say it without any fear or hesitation, that the rank and file of labour in Canada, the Canadian people and this parliament expect the senior officials of the Canadian labour movement to accept their responsibility in this respect.

To illustrate a different state of affairs from the one or two isolated illustrations I have given that are causing concern, I mention the fact that just prior to coming to Ottawa this year I called a conference of all the trade unions in Kootenay East and Kootenay West, which was attended by representatives from the railroaders, carpenters, plumbers, electricians, I.W.A., mine-mill and all the rest. I wanted to find out what labour was thinking. I wanted to acquaint myself with the present opinions of labour with respect to federal legislation and the problems we have to face here. It was a most successful meeting indeed, the best labour conference we have ever had in the district.

The acting president of the Nelson and Trail district labour council was elected chairman of the meeting and the secretary of the largest local of mine-mill, No. 480 at Trail, was elected secretary. We had a discussion with the rank and file with various members getting up and fiercely expressing their criticism on certain matters, advancing their

opinions with respect to legislation and also expressing their attitude regarding local, national and international affairs. I am one of those who all through his life has had a great deal of confidence in the rank and file of any organization. It has always been a treat for me to meet with these union men. Those are the people I deal with, and I have found that whenever you deal with the rank and file and place the facts before them you need have no fear as to their acceptance of responsibility with respect to any decision they may make.

I just mention that to illustrate what can be done in a very small sphere. These unions, representative of all types of labour, repeatedly have taken part in local affairs on the municipal level or community level or on the regional level with respect to the hospital building, community planning and things of that kind, and they have made a most valuable, constructive and responsible contribution to the development of public affairs in my district. I look forward to the time when the rank and file of the labour movement in Canada will participate across this country in just as effective a way in expressing their opinions with respect to local, national and international problems.

I have said these few words on a matter about which I am seriously concerned and I am always given to speaking my mind, Mr. Chairman. Never in my whole life has anyone stopped me from saying what I thought to be right, proper and correct, on any question.

I listened to the minister's opening remarks with interest, and I must say that we all like the minister. You know, he has that common touch that removes the latent fear in the hearts of some members of parliament when they approach persons in the seats of the mighty. You can go to the minister's office and you can discuss any problem that concerns you. I want to say that as one member of this house I appreciate his approach to members and his willingness to discuss a problem, no matter how insignificant it may be from the national point of view. I think it is only fair to express my appreciation in that respect, and I know that other members in this group think of him in the same way.

I was glad that in his opening speech the minister suggested that amendments to the Industrial Relations and Disputes Investigation Act were being considered. I think it is a growing conviction that, in view of changing conditions, the development of large-scale industry, as mentioned by the Leader of the Opposition, and the consequent natural development of large-scale unions on the other side, a national labour code is required to indicate clearly the responsibility of the employers to the community as a whole and the responsibility of larger unions to the community as a whole and their responsibility to the rank and file of the working people of this country. I am sure, Mr. Chairman, that with the co-operation of the labour movement such an act can be drafted to meet the circumstances that exist today and protect the basic rights of the Canadian working people.

I was also pleased to hear the minister speak of a proposed consultative committee on employment practices. I trust this is another step forward toward the banishment of discrimination and unfairness in employment in this country. I am very happy to say, so far as my experience has been, that this is lessening very rapidly from day to day. It is a very different world we are living in today from the world of 1906. I remember the general election in 1906 when the slogan of the Tory party was, "A white B.C.; keep the oriental out." We have all learned a lot. Mind you, in fairness to them I might say that quite a number of labour organizations at the time had an identical attitude toward life. We have progressed a good way in that direction, and all that is required now is to remove those few little blemishes here and there where we find they exist.

I am glad the minister is taking further steps in that direction. I am pleased to hear of the addition to the staff of the civilian rehabilitation branch. This should in some measure increase the effectiveness of that branch, which is doing very good work indeed. Also, the minister's proposals to increase the employment of older persons are particularly welcomed by this group. I know this is a very difficult problem, because I meet it from day to day when I am in my constituency.

This is a problem of serious concern to the persons directly affected and to many other persons who have their welfare in mind. So many good Canadians are still able to make a worth-while and constructive contribution to the productivity of this country or to the services of this country but are denied the opportunity because of the difficulties that have developed as a result of automation and the development of our mechanized and industrial society. Anything the minister can do in that respect will be heartily welcomed by this group.

I was also pleased to see in the estimates and to hear the minister's statement that there will be an increased expenditure for vocational training. That is very necessary indeed. In fact I think it is an urgent matter, because while old chaps like me now on the slippery slope of life with their heels dug in hoping to avert the inevitable as long as

possible should not be worried too much, I do like to see opportunities provided for thousands and thousands of young Canadians who are possibly in some instances not suited for or do not prefer academic or professional life, but who provide a great pool of young, virile people who will in the future provide the artisans so badly required in Canada for the development of our natural resources, transportation, communications, and our industrial structure. I do hope that the increase in the estimate in this respect will continue from session to session.

While I am on that point may I say I am not given normally to speaking on the parochial level, but I must use this strictly as an illustration. There is great need of a vocational school to serve the southern interior of British Columbia, particularly the Kootenays, where we have had a very rapid expansion of the smelting, mining and lumbering industries. There we have, I know personally, hundreds of young people who are not going to university, are not going to take higher education, and who would love to have an opportunity to take vocational or trade training in vocational school at some reasonable distance from their homes, where they could undertake it without unnecessary cost and so on.

I understand those vocational training schools are established as the result of action by the provincial government, which makes application to the federal government for assistance in those expenditures in that respect. I do hope that when the minister replies to the comments made by members in this debate he will inform us a little more as to the procedure with respect to the application of this vocational training estimate, because I have a good number of people in my constituency in all walks of life who are very concerned with the fact that we have these young people leaving school. If they are taken at the right time and given vocational or trade training they can make a great contribution to Canada. If the vital two or three years are overlooked and missed, then they go on into blind-alley occupations and we fail to take advantage of those human resources as we should.

I do not want to detain the committee too long but I have one or two other remarks to make. I have often wondered why there was duplication of employment services with the Department of Citizenship and Immigration. For instance, I found an officer of the national employment service—and they are hard-working people in my constituency—trying to get jobs with the lumber companies for some applicants for employment. They happened to come to the company with which I am associated, and the next day an immigration officer turned up. He wanted us to employ some immigrant.

To me this seems a duplication, and I am of the opinion that it entails an unnecessary expense at times, and also there is certain irritation if an official of one department has been in and scoured around and done his best to find employment for those who are applying for employment, and then an official from another department arrives two or three days later on the same mission but on behalf of another branch. It seems rather odd to people in the community, especially the employers. I should like the minister to express his views on this and see whether something cannot be done to avoid what appears to me and to a good number of other people to be a somewhat unnecessary duplication.

I also want to mention very briefly something which came up at the conference where they discussed all these problems. I find the great bulk of the industrial workers are very concerned about the early establishment of a national pension scheme by this government in order to provide security so far as pension rights are concerned and mobility of employment, which I think is the right of every Canadian under present conditions. I do hope the minister will say a few words on this question and let us go away with a sort of hope in our hearts that something is going to happen in that respect at the next session of parliament.

I now come to my concluding remarks, and I have really evaporated most of the water out of what I had to say in order to save time. I find that unemployment is a major concern of a large number of people in my constituency, and I am sure it is a major concern all across the country, not only of those who are unemployed but of those who possibly fear unemployment. With so much to be done in this country with respect to national development, development of transportation, of highways, of parks and of things of that sort, it seems wasteful and sinful to let Canadians remain idle while this work has to be done.

I am not underestimating the difficulties. It is quite easy to rise on the opposition side and make all sorts of grand proposals. As the chairman knows, I always try to keep my feet on the ground. However, I suggest that there is here an opportunity for co-operation between the federal government and the provincial governments in some basic planning so that this winter we can utilize, as far as is humanly possible, this good investment even if we have to go into debt to do it. If we had gone into debt during the depression to build highways and to build

houses, we would have built them much more cheaply than we are building them today. That lack of foresight and fear of the future with respect to overexpenditure does not now exist because of our experience during the war and post-war periods.

I urge the minister to urge upon his associates the necessity for some approach to the provinces in order to see whether something cannot be done to plan this type of work across this country. I can think of dozens of places in my constituency where for years people have been driving around dangerous bluffs a thousand feet above a lake on a 16 foot road with no guard rail. That is the type of work that can be done in the winter economically and properly by persons who would otherwise be unemployed, such as miners, men who work in the woods at high levels who are laid off, and persons of that sort. I urge the minister to give consideration to this matter and to have a word or two to say on what he has in mind when he replies to the various members who have spoken.

My concluding point is this. The other day when I was speaking, I think it was on the agricultural estimates, I urged the Minister of Agriculture to do what he could to get the Minister of Labour to include in new amendments to the Unemployment Insurance Act farm workers or farm employees. The present circumstances are most unfair to the men and women who are willing to go and work on farms, usually at lesser wages; but they are persons of the type who, if the circumstances are at all right, would prefer to work on a farm rather than work in industry. Yet because they are willing to do that they are denied the protection which other workers get under the Unemployment Insurance Act. This situation is not fair to the workers concerned, and it is not fair to the farmers who are obliged to employ these people. I urge the minister to give consideration to that matter. I trust that the pleadings of the Minister of Agriculture will meet with a favourable response in the heart of the Minister of Labour.

Those are the few things I have to say at this time, Mr. Chairman. I shall anticipate with great pleasure, hope and confidence the reply the minister makes to the various comments hon. members have made in this debate.

Mr. Thomas: I shall be very brief, Mr. Chairman. There are one or two points which I think should be made at this time and which have not yet been made. I would urge the minister to give serious consideration to bringing farm labour under the benefits of the unemployment insurance legislation. Farmers are having difficulty in getting the help necessary to do their work. At the same time we know there is some unemployment in our towns and cities. However, there is little inducement for workers to take temporary jobs on farms when by so doing they will not add to the time they can use in applying for unemployment insurance benefits. There is a great deal of temporary work on our farms such as fruit picking, tobacco work, work in the beet fields. I feel that it would help both the farmers and the unemployed if these benefits can be extended to farm labour.

There is another point that I feel should be made at this time. In making it I should like to make clear first of all that I believe in organized labour. I believe that organized labour is doing a good job in this country. I believe that the aims, objectives and aspirations of organized labour should be protected in every reasonable way. But organized labour has become one of the most dominant forces if not the most dominant one in our economy. As such they must be prepared to accept their full share of responsibility for our national welfare.

The speech of the hon. member for Kootenay West this morning and that of the hon. member for Timiskaming yesterday are going to be of considerable value in making this point which I shall briefly mention. It has been suggested to the minister and to the government that they should use their influence to convince organized labour of three desirable policies. The first is that labour must not organize in such a way as to constitute a threat to the public control of our institutions. In that regard I took a Canadian Press clipping from the London *Free Press* dated August 13. It states:

> President Claude Jodoin of the Canadian Labor Congress plans to convene a meeting of unions representing about 100,000 workers to try to work out a formula for avoiding clashes or organizing jurisdictions on the St. Lawrence Seaway.

The last paragraph of that article reads as follows:

> The congress wants a wider representation, to take in unions covering all phases of seaway transportation.

I read that extract as an indication of the objectives of labour and in order to point out that the time has come when not only organized labour itself but all the people of this country should take a good look in order to see where organized labour is going. I can remember when in 1919 in the city of Winnipeg, in the course of the general strike there, organized labour were issuing permits for the delivery of milk. This procedure was

found to be a contravention of the civil authority and a number of people were sent to jail. I have been personally acquainted with some of those people, and I may say that they were very fine people. If organized labour and the people at that time had looked ahead and considered what were likely to be the results of some of the policies of labour in those days, that Winnipeg general strike and the unhappiness of those individuals could have been avoided. I think the time is ripe when the public of Canada and the government should take a new look at where the present policies of labour are likely to lead them.

The second policy is that labour must hold its share of the line against inflation. We know that there are strikes going on now. The steelworkers are asking for a 33 cents an hour increase, and even now they are getting almost double the wages that labour receives in the rural areas and the smaller towns of the constituency of Middlesex West. Labour must take its full share of the responsibility for what is likely to happen if these requests for large wage increases are enforced. We know what will happen; there will be another round of inflationary pressures in all respects, and nobody can win.

In the third place, I think the government should try to impress upon labour the fact that labour must not control the civil service, the police or other services vital to our national life. This is where the speeches by the hon. members for Kootenay West and Timiskaming were of great assistance. Those speeches pointed out in no uncertain terms that there are undesirable characteristics in some of the unions. In addition, there is a tendency on the part of unions in Canada to stay with their international affiliation. The hon. member for Timiskaming had this to say about the woodworkers' union of America, as reported at page 3633 of *Hansard* for August 15, 1958:

> —the Canadian membership outnumbers and outranks the United States union membership but they have made no effort to change the structure in order to create a national union, which they could have done quite easily by a vote at any of their conventions. The Canadian union had a majority and could have seceded from the union and become a national union had they wished to do so, but there are many advantages to belonging to an international union.

The point I wish to make and impress upon the minister and the government, Mr. Chairman, is this. Canada cannot afford to have services vital to our national existence under the control of foreign labour bosses.

Mr. Granger: I should like to associate myself with the remarks made by my friend the hon. member for Bonavista-Twillingate, when he spoke about unemployment insurance and particularly unemployment amongst fishermen in Newfoundland. In my own riding, based upon recent visits to any number of smaller outports and upon fairly extensive correspondence, it would appear that perhaps more than 50 per cent of the fishermen who are recipients or those who should be recipients of unemployment insurance suffer from extended delays, partial payments and in some cases a complete lack of benefits which they really deserve. The result is that in some cases there is direct want, and in all cases embarrassment and dissatisfaction.

Perhaps one of the worst features of this is that the purpose of providing unemployment insurance for fishermen has not been fulfilled, that is putting fishermen on the same basis as the men who work in the fish plants and encouraging those who prefer to make fishing their vocation to do so. Last night it was stated by the hon. member for Bonavista-Twillingate that probably the remedy lay in the appointment of officials who would travel from place to place and advise the fishermen as to how they should make out their returns. These officials would, in turn, see the unemployment insurance officials and advise them as to what these recipients were entitled to. As I think the minister knows, the trouble in many cases lies in the fact that the original applications are not made out properly. It seems to me that the spirit of the act is not being carried out if some allowance and some provision is not made to ensure that these people, whom the act is designed to help, can receive their proper benefits.

I should like to suggest also that field men be appointed who would travel from outport to outport advising the fishermen and generally acting as liaison officers between the department and the fishermen. This would enable the problems of the fishermen to be straightened out with a minimum of embarrassment to those people who should be helped.

I should like also to call to the minister's attention the fact that this year in Newfoundland we have had a very poor fishing season. It has been described as the worst in 25 years. Certainly it is the worst in recent years. The poor fishery, coupled with a cut back in woods operations because the paper companies are not cutting as much pulp this year, has made this a difficult period. Undoubtedly the coming winter in Newfoundland will be the worst in many years.

I would ask him, therefore, to use his influence with his colleagues to get some of the small works, such as wharves, breakwaters and so on—works which are already in the government's plans and for which surveys

have already been made—started. These works provide a considerable amount of local employment, and if he would endeavour to get them started they would be of considerable benefit. He might also consider having the federal government undertake the building of, say, a 100-mile section of the trans-Canada highway, which would provide additional employment. Certainly we are going to need that employment this year worse than we have for many years past, and worse, I hope, than we shall need it in the future.

In concluding these brief remarks I should like to pay tribute to the minister for the kind co-operation I have always received from him and his departmental officials. He has been able to infuse into the cold mechanics of official administration a kind of warmth which we appreciate.

Mr. Argue: I was not able to be in the house when the Minister of Labour made his opening statement, but I have read it carefully. The thing that seemed missing from his statement was any coming to grips with the present widespread unemployment in this country. I had hoped that by this time the government, which has now been in office for more than a year, would have enunciated and developed a program to deal with unemployment, the situation in respect of which is much worse than it was a year ago.

One would have expected that the government would be doing this because of the frequently repeated statements of the Minister of Labour, of his colleagues in the cabinet and of the Prime Minister himself that the Conservative party would lick the unemployment problem. They blamed the previous government last session and during both election campaigns for the conditions which then existed, but I do not think the government can now attribute the current widespread unemployment to the policies of the previous administration. Those policies may have been a contributing factor, but it is the policies of this government today which will decide whether or not we are to have anything approaching a state of full employment.

The feeling seems to be growing in Canada that labour has become irresponsible and that our great unions are acting in an irresponsible fashion by doing things which are against the general welfare of our country. I have not at any time changed my attitude toward labour; I have always felt and I have always said in this house that over the years Canadian labour has in general taken a highly responsible attitude, and that the policies followed by organized labour in Canada have not only contributed to an improvement in the welfare of labour itself but also to the economic well being of all Canadians.

Some hon. Members: Hear, hear.

Mr. Argue: It is easy to get up in this house and say, as has been said this morning by the hon. member for Middlesex West, that labour must be careful and must be cautious because it can add to the inflationary pressures in this country. It is easy to say that, but I think the government would be in a much stronger position when giving out this gratuitous advice to organized labour if it would put its own house in order. I ask to what extent is the government of this country presently adding to the costs—the real costs—of doing business and of living in Canada? Members on the government side of the house can say to labour "Don't rock the boat; don't ask for increases in wages", but how is labour going to pay the increased cost of buying a house, which situation has been directly brought about by the policy of this government in respect to increasing interest rates? This policy of increasing interest rates in its reconversion program is adding to the real cost of living of every Canadian family, because when interest rates go up, since they are a very important part of doing business, I think we all recognize that costs go up generally, because business will do its best to pass on those increased costs to the consumer.

Mr. Starr: Mr. Chairman, if I may interject, surely the hon. member for Assiniboia realizes that this government has not increased interest rates on homes? Surely he realizes furthermore that in order to help the ordinary citizen of Canada to purchase his own home we have gone so far as to decrease the amount of the down payment from 20 to 10 per cent? Surely he does not want to leave the impression that this government is taking steps which will make it more difficult for people to own their own homes, because after all the outstanding feature of the work of this government has been to increase home ownership in Canada.

Some hon. Members: Hear, hear.

Mr. Argue: I said that the government's action has increased the cost of homes for the ordinary citizen, and I stand by that. I completely accept the minister's statement with respect to the National Housing Act interest rates and so on. Those are statements of fact, but the average Canadian today who is buying a home is putting a second mortgage on that home, and this means that his interest rate is higher. The Minister of Labour is a very genial person, and we all like him; but if he were to start out today to buy a home, as an average

Canadian with perhaps $1,000 or $2,000 saved up for a down payment, and if he were to take a second mortgage, he would find my statement correct.

It is impossible for the government to increase interest rates on long-term debentures such as 25-year debentures to 4½ per cent without increasing interest rates generally across the country, for what investor is going to take a chance on some risky investment at 5 per cent or 6 per cent interest if he can get an iron-clad guarantee of 4½ per cent, as he can with government bonds? Since this government has taken office the cost of living has continued to rise, though there has been a drop in the last month. I know the minister is very touchy this morning.

Mr. Starr: Mr. Chairman, I want only to keep the hon. member straight so that he is able to give relevant and correct facts to this house.

Mr. Drysdale: You have quite a job there.

Mr. Ricard: He is talking through his hat.

Mr. Argue: Well, perhaps I can do with some help in that regard, but you know, charity begins at home, and if the minister will start talking to some of his colleagues I think he will find that what I say is true. What about the Minister of Northern Affairs and National Resources, who made such a boob the other day that the Prime Minister had to attempt to bail him out this morning—

Some hon. Members: Order.

Mr. Ricard: You are out of order.

Mr. Argue: Perhaps I am out of order but I suggest to the minister—

Mr. Ricard: You just like to hear yourself talk.

Mr. Cardiff: If you keep on talking you will talk yourself out.

The Chairman: Would the hon. member please try to be relevant.

Mr. Argue: Mr. Chairman, I was just comparing the very careful statements I have made in this debate to some statements which have been made by some of my hon. friend's colleagues in the cabinet in previous debates to show that it is hardly necessary for the Minister of Labour to stand up and try to correct my statements when they are not incorrect. As I said, the cost of living has been steadily going up, with one or two exceptions, since this government took office. Knowing this to be true, labour is taking an attitude which is quite understandable when it says that with the increased cost of living when its productivity goes up it should share in the benefits which come from such increased productivity.

We are all very concerned about the increase in the cost of living and further increases in the cost of production, but I do not think it is fair, right or sensible to say to organized labour on the one hand "You hold the line" and on the other hand to allow the great corporations in Canada to charge anything they wish for their products at any given time. The Minister of Labour as a member of the government has condoned a policy which has added to interest charges and which can do nothing but add to interest rates in Canada.

Mr. Starr: I think, Mr. Chairman, the hon. member is making hypothetical charges. He has no evidence that interest rates have gone up as a result of the conversion of the bonds to which he refers.

Mr. Argue: I see that the minister is no authority on interest rates.

An hon. Member: Neither are you.

Mr. Argue: He can read the statements—

Mr. Starr: The statements of whom?

Mr. Argue: I do not mind the minister interjecting, but I have the floor. I have sat down three times and I will sit down three more times, but I think it is only reasonable and fair that the minister should allow me to answer his interjection.

An hon. Member: Stick to the facts.

Mr. Ricard: He should stick to his seat.

Mr. Argue: The provincial treasurers have indicated that their costs have been increased, and by the reconversion policy it will mean to these provinces an increase in their budgets because of increased interest rates on long-term bonds.

There seems, in addition, to be a growing feeling that the government should take a very careful look at every strike or every threatened strike to see whether or not compulsory arbitration should be used.

An hon. Member: Just nonsense.

Mr. Starr: That is not true, and the hon. member for Assiniboia is making a lot of untrue statements in this committee.

Mr. Argue: The minister can answer me if he wishes. He can make a 30-minute speech in reply.

Mr. Starr: This is nothing but a political speech, with no facts.

Mr. Argue: I am not ashamed of making a political speech. I am a politician, and the

minister's remarks labelling this as a political speech do not insult me in any way, because the minister himself is in politics. He is a politician.

Mr. Starr: But I am trying to be honest about it.

The Chairman: Order. Will the hon. member for Assiniboia kindly try to limit his remarks to the item being discussed at the present time? It should also be appreciated by the committee that if members wish to interrupt the hon. member for Assiniboia while he has the floor they should first ask his permission.

Mr. Argue: I think I have the same right as every other member has to make a statement, and if the minister wishes to reply to me he may do so after I have sat down or, if other members wish to take part in this debate, at some later stage.

I was merely saying there seemed to be a growing feeling in certain quarters that strikes, when they occur in this country, should be looked at very carefully to see whether or not compulsory arbitration should be applied in their settlement. Without doubt, in certain industries if a strike should occur human lives might be endangered. The generation of electricity is one example, or the provision of gas in an area where people depend entirely on gas. If a strike were called, say, in the dead of winter, in temperatures of 20 or 30 degrees below zero, there is no question but that this would be the case, and in such circumstances any responsible government would have to consider taking steps toward settling such a strike as quickly as possible.

But I do think the record of this country as far as strikes is concerned is one that stands as an example to most of the nations of the world. We have in this country a labour movement which is responsible and which does not engage in long drawn out strikes which give Canada a bad name. That is not the situation at all. As a matter of fact the record of this country as far as time lost through strikes is concerned is excellent indeed.

I have in my hand a copy of the *Labour Gazette* dated July 31, 1958. These figures are given on a monthly basis, but for the months of January to May, 1957, the percentage of estimated working time lost through strikes was .05 to .08. In 1958, from January to May, the loss of time ranged from .07 to .18 per cent.

I have looked at the statistics back over the years, and generally speaking the amount of time lost through strikes and lockouts in this country amounts to approximately .1 per cent of the working time. If one assumes there are five million workers in this country and that .1 per cent is the regular amount of loss, this would mean that on any given working day 5,000 workers are out on strike or are idle because they have been locked out; and when one compares the number of 5,000 on strike because of action they have themselves, taken, deliberately, with the figure of over 300,000 who are unemployed through no fault of their own, one sees that the problem of strikes in this country is not a particularly serious one for our nation; it has been magnified out of all proportion.

It may seem to us that an easy way, a short cut, to deal with strike situations is by compulsory arbitration, but one of the freedoms which Canadians have enjoyed for many years is the freedom to organize collectively in their own unions, and if they believe they have a just cause, to withdraw their labour. If we do not want this kind of freedom maintained, if we should wish to substitute for that freedom compulsory arbitration by multiplying its use many times, we shall be taking away a fundamental right of the Canadian working man; we shall be taking away a fundamental democratic right; we shall be acting in an un-Canadian and an undemocratic way.

I think compulsory arbitration, if it is proceeded with as a normal instrument of government policy, will add to the number of days lost and multiply the number of strikes in this country. This has been the experience in Australia and other countries where compulsory arbitration has been used as a general policy.

I had hoped, as I said at the outset, that the Minister of Labour would inform the committee of the policies the government is adopting to provide full employment and to restore employment. The goverment's attitude was very firm in this regard. The Montreal *Gazette* of March 20 contains an article which is headed "Job Policy Paid Off—Starr". The article has this to say:

> Federal Labour Minister Michael Starr predicted last night the present unemployment situation will end by mid-June.
>
> He drew attention to the latest figures released by the dominion bureau of statistics showing a drop in the rate of unemployment.
>
> "These figures are dropping faster than anticipated" he said.
>
> Mr. Starr, here to address a foreign language meeting of the Monument Nationale last night, attributed the unemployment drop to the pump-priming policies of the Diefenbaker government.
>
> "We knew these policies would correct the situation, but we did not think the favourable results would be reflected so quickly", he said.

Does the minister feel now that he can take this kind of satisfaction that the unemployment situation has been corrected and

dealt with, in the light of the current situation? Does he think the pump-priming policies of the federal government, whatever that may mean, have been successful in dealing with this situation?

Of course the Minister of Labour is not the only one who has said that these policies were working. The Prime Minister, in a Canadian Press report which appeared in the Montreal *Gazette* of March 22, 1958, is reported as having said:

> I hope that by June or July the application of our policies will have met the problem, through loosening tight money—

That is a very pertinent statement at this time, "through loosening tight money".

> —and through public works, so that no one will be suffering from unemployment.

Seasonal benefits have been discontinued, unemployment is just as high now as it was a year ago, yet the Prime Minister said that by June or July the application of his policies would result in the situation being corrected.

I was present at a meeting held in the railway committee room toward the end of June attended by a delegation mainly of automobile workers from the city of Windsor and five or six cabinet ministers. Did these representatives feel at the end of June that the problem had been dealt with and the situation met? No; they said there was actual suffering in the city of Windsor because of unemployment.

It is easy to rise in this house and say labour is increasing the cost of production and the cost of living, that labour in the steel industry is receiving twice as much in the way of wages as labour in rural areas, but I believe the attitude of organized labour toward farmers is excellent. Canadian agricultural producers have today in the Canadian Labour Congress one of their very best friends.

Some hon. Members: Oh, oh.

Mr. Argue: Hon. members on the government side may snicker if they wish, but when the united automobile workers made their presentation at that meeting in June one of the points they emphasized in their brief was that it is necessary for the government to deal with agricultural income in such a way as to increase it. Organized labour participating in that meeting demonstrated something that we in this group have known to be correct for a long time; that you cannot have full employment in Canada when there is a depressed condition in agriculture. And so, far from attempting to drive a wedge between the farmer and labour, we feel both organizations and the membership of both are good loyal Canadians who work hard for a living and are entitled to receive a reasonable wage for a reasonable day's work.

Following that meeting a conference was held in Ottawa in the early part of July under the sponsorship of the federal government and the Minister of Labour. At that conference were people representing organized labour and people representing business and management. We had hoped at that conference to deal with the question of seasonal unemployment. We had hoped that from that conference would emerge a program and policy that would prevent winter unemployment. The Minister of Labour promised to cure the problem of summer unemployment. The Prime Minister said that by June or July summer unemployment would not be with us. Well, the government failed to alleviate summer unemployment. Is the government now going to fail in the same way to prevent winter unemployment, which is a much more difficult problem to meet?

As I indicated, we had hoped a program of winter employment would be forthcoming from that conference. Immediately following the conference I questioned the Minister of Labour in this house as to whether a program had been agreed upon, and since that time various questions along the same line have been asked of him. The most recent information we have received is that the report is now in the hands of the Department of Labour. I do not wish to misquote the minister and he may correct me if I misinterpret what he said, but I understand the report is now being processed to the point where it can be turned over to the federal cabinet for consideration.

Does that represent progressive action? Does that indicate any great degree of speed in meeting the problem? Parliament is in session, but it may not be in session very much longer. At the rate the government is going I wonder if it will introduce a policy concerning winter employment that will assist to alleviate the situation this year.

I would hope the government has so crystallized a program to deal with and prevent winter unemployment that it will have concrete legislation to present at this session, but if the delay continues one will be led to ask whether it will be possible to deal with winter unemployment this year in an effective manner.

The minister referred to certain measures the government was considering. The government had a public information program. It sought to talk itself out of a winter recession

by advertising and giving advice to the building trades. That program cost $150,000. Looking over the main estimates I find there is less provision for that kind of thing this year than there was last year. I hope this does not mean the program, which never has been adequate, is now being reduced. Rather I hope that this and other programs will be brought before parliament to deal with this situation.

According to one set of figures we have 300,000 unemployed. This is a serious matter for the Canadian economy. The number of unemployed at present is twice that of a year ago. Are we in a position either in the domestic field or internationally of being able to afford to have half a million unemployed in Canada again this winter? In all seriousness I ask the following question. How can we attract to the democratic world as supporters of our way of life the people of the uncommitted nations, people with a low standard of living, if they look to Canada and see all these idle resources?

The provision of full employment and full production is important to the economic standards of Canadians themselves, but it is also important in terms of Canada's stature in the world today. If we have solved the problem of unemployment and achieved full production we can say to the uncommitted nations of the world that our way of life is adequate; that we have been able to provide the man who wants a job and an income with a position and a wage. As I have said on another occasion in this house it is estimated that during the last 12 months Canada has lost production to the value of $1,500 million because of unemployment. That production could have been put to excellent use for the welfare of Canadians and as part of Canada's contribution to economic development in other parts of the world.

Mr. Chairman, may I call it one o'clock?

The Chairman: There are two minutes of the hon. member's time remaining. Is it the pleasure of the house to give him permission to continue?

Mr. Argue: Mr. Chairman, I will give the minister those two minutes at 2.30.

The Chairman: Shall I call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Starr: Mr. Chairman, I expect that my remarks will be quite brief at this time. First of all, I want to thank all hon. members for participating in the debate on the first item of my estimates, and particularly for the worth-while suggestions that have been made as to how the functions of the department could be improved. To be fair in my remarks, I also wish to say I appreciate the criticisms that have been brought to our attention. Most certainly, a great many of those criticisms deserve to be looked at carefully to see where we can make some corrections that will bring about the kind of change in our department that will be of benefit to those who come under the laws and jurisdiction of the Department of Labour.

A number of questions have been asked regarding certain functions of our department and I would suggest that hon. members who have those questions in mind should ask them on the appropriate item of our estimates. However, I should like to make one or two observations, particularly to the hon. member for Dollard who advocated the introduction of legislation designed to abolish discrimination by employers against older workers in the matter of employment. He referred to the enactment of this type of legislation by a certain state legislature in the United States.

As I have said, Mr. Chairman, we are intensifying our work in relation to the employment problem of older workers because this has been a problem that has been foremost in my mind for a number of years now, since I have seen what is happening in the labour market as regards older workers. We propose to keep in touch with the operation of the United States legislation to which the hon. member has referred. This legislation is very recent and it will only be possible to determine its value and effectiveness by watching its operation. I believe, Mr. Chairman, that progress in meeting the problems of older workers will come mainly from the process of education, employment counselling, research and co-ordination of efforts of all agencies working in this field. I am quite willing to look at any proposal which will be effective in improving the lot of those older workers.

The Leader of the Opposition brought up the subject of automation and that, too, is a very important subject now and will be more so in the future. Automation, more properly referred to as technological changes of all kinds, is having an important effect on manpower requirements in industry. Many of the comments about those changes, however, are merely opinions or general impressions. The kind of technical changes occurring in industry and the ways in which those are altering requirements for different skills and training courses are a very complex matter. In this difficult area we need facts rather

than opinions and speculative suggestions. This is why our approach to this problem has been, first of all, to find the facts. For the last year or so the Department of Labour has been carrying forward a number of research studies to learn more about those technological changes and their manpower and training implications. To help ensure that this research is keeping its feet on the ground, as it were, we have established an advisory committee composed of the representatives of organized labour, of industry and of our universities to advise and to comment on the work we are doing.

I do not want to leave the impression that the only action taken so far is research. The vocational training agreements now in existence with the provinces put special emphasis on the extension of training facilities for the type of workers so often referred to as technicians. We know that there is a growing need for workers with advanced technical training and we are therefore encouraging the provinces to expand those kinds of facilities.

As far as unemployment is concerned, I should like to leave my remarks on that aspect of the matter until we reach the item relating to unemployment insurance. With respect to the matters that were brought to my attention regarding unemployment insurance as it affects fishermen and various other aspects of these matters, I would prefer to make my remarks when we reach that item.

Mr. Argue: Mr. Chairman, this morning I asked whether the minister could give us some indication of the program he intends to initiate to remove the present widespread unemployment. While we know the government has failed to remove summer unemployment, we would hope the government would be more successful in dealing with the question of winter unemployment. I did make reference this morning to the conference that was held in Ottawa and the report that is being processed in the minister's department at this time to be laid before the cabinet at a later date. I am wondering whether the government will have a program to place before parliament that will require legislation at this session. Certainly, widespread unemployment throughout our nation at this time is a very important economic problem; it is a crisis as far as the unemployed are concerned. I think on item No. 1 of the minister's estimates it would be in keeping with the practices of this house to have the minister give us the benefit of his knowledge on this question and the program that the government will be adopting and whether he feels that the government can deal successfully with this very urgent question.

[Mr. Starr.]

The Chairman: Shall item 170 carry?

Mr. Argue: Mr. Chairman, I asked the minister a question. I would hope that he would answer it at this time.

Mr. Starr: In my remarks I said that I would make a statement on that aspect of the matter on the item on unemployment insurance.

Mr. Pickersgill: I wonder whether the hon. member for Assiniboia would permit me to intervene. He asked whether the minister or any other member of the government contemplated any legislation of which we have not yet been given notice to provide additional employment. I think that is a question that should not be left until we come to one of the later items where we are restricted in our discussion. That is why we should like to have an answer on the first item.

Mr. Starr: You mean additional legislation?

Mr. Pickersgill: I mean any legislation of which we have not been given notice. We know what is on the order paper and we know that there are one or two things that we have been told are going to come on the order paper.

Mr. Argue: With great respect to the minister, Mr. Chairman, may I say that I do not think you can discuss on the item on unemployment insurance the whole question of providing employment for the unemployed in this country. It would seem to me that this is an act which provides some income when there are no jobs. Although we have great interest in seeing that we have incomes for people who are unemployed, we think it is a fair request to make of the minister when we ask that he give us an outline at this time of whether or not there will be any legislation and of what the government is intending to do not merely by amendments to the Unemployment Insurance Act or changes in administration but about the question of providing jobs for unemployed people.

The Chairman: Shall item 170 carry?

Some hon. Members: Carried.

Mr. Argue: Mr. Chairman, this is a strange way in which to discuss the estimates of the department. We have repeated questions and do not get so much as an answer. If the minister wants to give us the silent treatment, of course there is nothing we can do about it.

Mr. Starr: No, Mr. Chairman.

Mr. Argue: I am glad to note that the minister is now in a mood, as I would hope, to answer some of the questions I have

raised. I had said this morning also that there had been some substantial increases in the cost of living since this government took office. In view of these increases in the cost of living, it is understandable that the working people of this country are anxious that their real incomes should not be reduced by a continuing rise in the cost of living. The minister pointed out that there had been some levelling off in recent months. But I would point out to him that when the government took office in June, 1957 the consumer price index stood at 121.6 and that in June, 1958 the index stood at 125.1, an increase of 3.5. If the minister will check on the matter, I think he will find that that is the largest increase from June to June in many years. The previous June also saw a very substantial increase in the cost of living index but it was slightly less than 3.5, being 3.3. But the increase for a number of years was small in relation to this large increase that has taken place from June of 1957 to June of 1958.

A few moments ago, in speaking on the general subject of automation or technological change, as I believe he called it, the minister pointed out that this matter provides a certain real problem. Workers who are engaged in industry where technological improvement is going on at a very rapid rate and where therefore the workers' productivity is being increased at a rapid rate naturally feel that they should share in this increased productivity. I think that feeling applies to working people generally. I think it applies to the civil service of this country. When they see certain improvements by way of business machines being introduced or automation in the Post Office Department and so on, they naturally feel that they are entitled to an increase in their real incomes because of increased productivity.

Statistics show that an increase in the real productivity of this country can be or should be expected at the rate of 3 per cent per year. When one considers the increase in productivity and the large increase in the cost of living in the last year, he cannot help but have great sympathy for the civil service association of this country and the civil servants generally in asking that these two extremely important factors be considered by the government. As the minister has made reference to increased productivity, I think it is in order to make a reference to the position of civil servants.

Mr. Green: Mr. Chairman, I rise on a point of order. I submit that the hon. member is quite out of order in trying now to discuss civil service salaries under this item in the estimates of the Department of Labour. There are other items under which he can discuss the matter in the future. To get on to this civil service question now is to stretch the rules much further than is allowable.

The Chairman: I believe the Minister of Public Works is quite right in his remarks. This is not the time to discuss the civil service commission nor the details pertinent to it. Consequently I believe that the hon. member for Assiniboia is out of order in his present comments on the civil service commission. Furthermore, the hon. member for Assiniboia had 28 minutes—and he had an additional two minutes which were reserved to him—prior to our adjournment at one o'clock in which to voice his opinions and to ask questions of the minister. The minister expressed certain views at the opening of this afternoon's sitting and clearly stated that when we come to the unemployment insurance item he would answer the hon. member for Assiniboia. I believe that when this particular item is discussed we could then give the minister the privilege of answering the questions which were asked—

Mr. Pickersgill: Mr. Chairman, could I make a point—

Some hon. Members: Order.

Mr. Ricard: The chairman is not yet finished speaking.

The Chairman: —and also give the minister sufficient latitude to carry on his remarks. I believe that, at the present time if the minister wishes to answer the questions that were asked by the hon. member for Assiniboia, he should have the opportunity to do so. However, if he prefers to answer them later on, on the item on unemployment insurance, I think that should be sufficient.

Mr. Pickersgill: I am rising on a point of order, Mr. Chairman. It seems to me that under the rules of this house a member may speak as often as he wishes for 30 minutes at a time in committee. I believe that is the position so long as the hon. member for Assiniboia or any other hon. member on either side of the house is dealing with the matter before the house; and particularly and above all is it the situation in the committee of supply where Her Majesty's ministers are asking the rest of us who were elected for the purpose to vote supply. Any attempt upon the part of anyone to restrict the full scope of the inquiry would be a most unprecedented innovation in our parliamentary proceedings.

Mr. Argue: Mr. Chairman, may I say this as to the statement you have made. On reflection I think you would not want to consider it as a ruling. As has been pointed

out by the hon. member for Bonavista-Twillingate, under the rules of the house it is clear that in committee of supply, a committee of the whole, while a member is limited at one time to 30 minutes, if another hon. member follows him in the debate then the hon. member who has spoken for 30 minutes, if the chair recognizes him, is entitled to the floor again. Since I have come nowhere near exhausting my second 30 minutes I would suggest, Mr. Chairman that it is in order for me to speak at this time, assuming that what I say does not contravene the rules in any other way.

The Minister of Public Works has made a very interesting interjection in the debate. Since he is in a rather expansive mood this afternoon, I take it, and let us hope in a good mood, he might tell us at what other time during this session we may have an opportunity to discuss the very important proposals that are reported in today's *Journal*.

Mr. Ricard: You are out of order.

An hon. Member: Oh, we have two chairmen.

Mr. Green: May I point out that I am not attempting in any way to stop the hon. member debating the item which is under discussion. However, the chairman has ruled that he should not discuss this question of the civil service under this item, and the hon. member should not go on to discuss it in spite of that ruling.

Mr. Argue: I was about to ask the Minister of Public Works a question. If he does not want to say when we can discuss this very important question in the house, then I think it is very much in order on item 1 of the Department of Labour estimates to discuss the general labour situation in this country.

Mr. Green: I have no objection to the hon. member discussing the general labour situation, but he was discussing the pay of civil servants. Now, this question comes under the civil service commission item or under those of the Department of Finance. There are probably several other items under which it could be discussed, but to try to open a discussion on this question on this particular item is entirely out of order and the chairman has so ruled. The hon. member should abide by that ruling.

The Chairman: I have indeed ruled that a discussion of the civil service commission is out of order at the moment. A discussion of the civil service commission should be carried on under the item concerning the civil service commission. I am quite in agreement with the statement made by the hon. member for Bonavista-Twillingate and the hon. member for Assiniboia, that they can speak for 30 minutes on repeated occasions during the same debate. However, I only pointed out, if the hon. member for Bonavista-Twillingate will recall, that the Minister of Labour had said he would prefer to answer the questions on the item which dealt with unemployment insurance. I then stated that perhaps we should give him the required latitude to answer those questions.

It is quite important, especially at this time, that we try to be as relevant as possible to the items under discussion. It would be highly appreciated by the chair if all members tried to avoid repetition and tried to be as relevant to the item under discussion as could be managed. This is said with all due respect for the privileges of the members of this house.

Mr. Pickersgill: I should like to raise another point of order. It is a very brief one and I do not think we will disagree on it. Your honour had said that a discussion of the civil service commission should be conducted on the item concerned with the civil service commission, and with that I agree. However, the item of civil service salaries would properly be discussed on the item of the Minister of Finance because the Minister of Finance told us this morning he was the minister responsible in that field, and I am sure the house leader would agree.

Mr. Argue: I tried to be as helpful as possible and I think the Minister of Public Works, instead of getting up so quickly, should make some comment as to when we might discuss the report to which I have referred. However, if he does not wish to do so at this time we shall look forward to a discussion of that question at the earliest opportunity. Personally, I do not see how a reference to the economic position of the civil servants of this country could not properly be made under an item of the Minister of Labour, because certainly they are a very important part of the labour force of this country. If we are to discuss that particular aspect at some other stage of the proceedings, then that is what we shall do.

I do want to reiterate that I think all the working people of this country, when they have experienced the most rapid increase in the cost of living in many years while this government has been in office since June, and when they understand very well that automation has increased their production, have quite a legitimate case when they ask to share in the benefits from that increased production. When the appropriate time comes we shall have further remarks to make on this whole question. I shall be waiting with great interest for the minister's

very important statement which he said he will make as to how this government is going to solve the unemployment problem of this country.

Mr. Starr: I did not say that. I said I would make a statement on the unemployment situation.

Mr. Pickersgill: There is one question I should like to ask the minister. I apologize to the minister in advance if, while I was detained out of the house, he has already answered this question. While we are on item 1 I should like the minister to give us some account of his recent meeting with the provincial ministers of labour and other persons about winter employment. We on this side of the house are just as much concerned about winter employment as the hon. gentleman opposite. It does seem to me this is a matter we ought to have an opportunity of debating in an unrestricted way, so I am asking the minister if he would do that at this stage.

Mr. Starr: I shall be glad to do that, even though I had intended to do it on the item concerning the unemployment insurance commission. As I mentioned, that was the item upon which I was going to say something about unemployment. However, it is quite obvious that this winter unemployment question has been of deep concern to the government. I took it upon myself, with the consent of the government, to initiate the conference in order that we would have the benefit of the ideas or suggestions of the people concerned with the problem such as leaders in industry, labour, the provinces and municipalities and the other national organizations.

This conference was greeted with a great deal of enthusiasm by those who were invited and who were present. I might say, and I say this with pleasure, that all those who were invited were present, with one or two exceptions. They did have a very frank discussion. I made no attempt at that time, as chairman, to give any direction, because I felt we needed a fresh viewpoint from those concerned. The recommendations have been made, and those recommendations are being compiled by the department for study. I have not yet had an opportunity of presenting them to cabinet. I am going to do this because I consider this problem is very important. These matters will certainly be brought to the attention of the government for consideration.

It is quite improper, I submit, for the hon. member for Assiniboia to ask me to forecast at this time what sort of legislation the government is going to introduce as a result of a study of these recommendations. At this time I cannot forecast what legislation will be introduced, and I leave it at that. However, I do want to say that a study will be made of the recommendations and action will be taken because this government has the confidence of the people of Canada, and we want to introduce measures that will be beneficial to the people of Canada in so far as the alleviation of this serious problem is concerned.

Mr. Pickersgill: I quite agree with the minister that we should not press him to anticipate the decisions of the cabinet. I have held a position such as the minister now holds and I know it is a bad practice under our constitution to anticipate cabinet decisions, and whatever else I may be accused of, nobody can ever accuse me of trying to destroy responsible government in this country and that is more than can be said of many members on the other side of the house.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I refer in particular to the hon. member for Rosedale whose disgraceful conduct in this building—

Some hon. Members: Order.

Mr. Pickersgill: —of which there has been much evidence—

Some hon. Members: Withdraw.

The Chairman: May I ask the hon. member to please keep to the question of labour.

Mr. Pickersgill: That is what I intend to do Mr. Chairman but I have a practical suggestion to make to the leader of the house. The minister said, and I quite agree with him, that at the present time the government has the confidence of the country. We do not question the overwhelming victory of the government and we have never done so. Every member of this house, however, has the confidence of his constituents and we all have equal rights in this house.

As I said earlier, we have just as much interest in this winter works program as has any member on the treasury benches. This session is going to last certainly for another two weeks at the very least—

Some hon. Members: Oh?

Mr. Pickersgill: —and probably more if we are going to do the work which the people of Canada has entrusted to us. I think it will probably take a good deal longer than that.

We will take all the time that is needed to do the business of the people and what I suggest is that we allow item one to stand and go on to the other items of the minister's department until the cabinet has had a chance

to reach its conclusions at which time the minister will be free to report to us. In that way every member will have an opportunity of expressing his views and it seems to me that that is a practical suggestion. If the government is not willing to do this and if it is going to use its overwhelming majority to ram this item through—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —it is quite obvious that is because they do not dare to face a debate on this subject.

Mr. Ricard: Who has been preventing you from talking? No one has been preventing you from talking.

Mr. Pickersgill: When the loquatious and noisy hon. member for St. Hyacinthe-Bagot has finished I will continue sir.

The Chairman: Would the hon. member kindly take his seat. I must ask hon. members of this house to please be silent while the hon. member for Bonavista-Twillingate finishes his remarks.

Mr. Pickersgill: Mr. Chairman, as I was saying, it seems to me that the government, if this winter work program is to be in any way effective, will have to reach its conclusions very quickly and it will certainly want to do this before the prorogation of parliament in case any action should be required of parliament. Therefore it will not in any way impede the business of the house or the progress of the session if we simply stand this item now and go on to deal with the other items of the Department of Labour, after which time we can take the estimates of the Minister of Transport who is so eagerly waiting to bring them before the house. This item could stand until the minister has consulted with his colleagues and is in a position to give us the report which we are all so anxious to have.

Mr. Argue: In regard to the proposal of the hon. member for Bonavista-Twillingate, so that it may be possible at some later stage in this debate to have a full-scale and comprehensive debate on the very important question of the unemployment crisis in this country, I suggest that the government should accede to his suggestion. We have been discussing these estimates for a considerable length of time, after all, and the minister, quite properly in the circumstances, has said that the government has no program to offer the house at this time. We are very much aware that while the government has the confidence of the country on the basis of the March 31 election, confidence was given partly because of the categorical promise of the Minister of Labour and other members of the government that the unemployment problem would be solved, and would be solved in June or July. It has not been solved and we are in a worse mess as far as unemployment is concerned than that in which we were a year ago. There is no program developed to any stage where it could be placed before this house in order to deal with unemployment in the months ahead.

More than that, there has not yet been a statement that any program finalized by the government will be placed before this house during this session. I think the request made by the hon. member for Bonavista-Twillingate should receive sympathetic consideration by the government and that this problem should have a full and complete airing after we have learned what action, if any, the government is going to take to solve it.

Mr. Howard: I do not wish to go around on the same theme once more—

Some hon. Members: Oh, oh.

Mr. Howard: From the moans and groans opposite they apparently do not believe me but I do not intend to do so.

Mr. Cardiff: Go on talking; don't waste the time of the house by standing up.

Mr. Howard: Even that is more than some people attempt to do but in view of the rude interjection of the hon. member I would say that in view of the movement you made, Mr. Chairman, I anticipated you were going to make some comment to me and I was awaiting your remarks.

A number of suggestions were made in the formal remarks preceding the minister's remarks with respect to changes of attitude and changes in policies. I made two or three suggestions myself and I wonder whether I might inquire of the minister at this time as to what is his general attitude or as to what is the attitude of the government with respect to the suggestions I made; firstly, that we should have a standing committee on industrial relations to meet between now and the next session in order to hear representations from any interested parties so that such committee would be in a position to recommend to the minister certain legislation. Could I first ask the minister for his comments on that point?

Mr. Starr: I explained this whole thing in my opening remarks and if the hon. member had read them he would have known what I said on this matter. A little over a year ago I asked all the national organizations in this country, representing both management and labour, to submit to me their suggestions on

possible revision to the Industrial Relations and Disputes Investigation Act. Three of the larger bodies have not yet submitted their replies but have advised me that they are in the process of preparing recommendations. As soon as I receive them we will proceed to sort out the various suggestions so that we will be able to consider the possibilities in this regard.

Mr. Howard: I appreciate that and I did read the remarks of the minister although I was not personally present when he made them. One suggestion I made in this debate tied in with the thought that the legislation, particularly labour legislation and that with respect to industrial disputes investigation, if and when amended, should be referred to the committee on industrial relations during the next session. That, as a matter of fact, was the second part of the suggestion I made yesterday and it was my thought that the operation of the committee in the two fields should be connected, firstly of listening to the representations made by all interested parties, and this should not be confined to national labour organizations or national employers' organizations but should include independent unions, independent employers who do not belong to the C.M.A. or provincial groups and also include individual citizens who may be interested and concerned about this matter, and, secondly, that there should be a continuation of the understanding in the committee that it should hear all the representations and thereafter, being able to properly assess the legislation, should make recommendations to the minister regarding that legislation.

So my thoughts were not confined to the committee meeting between now and the next session, but were directed also to the question of continuing during the session when legislation was presented. I wonder whether the minister could indicate whether it is the policy of the government to channel all legislation through the committee on industrial relations.

Mr. Starr: I cannot say whether that would be the policy of the government, but it will be my policy to suggest to the government that this legislation should be channelled through the standing committee on industrial relations.

Mr. Howard: I have another thought on which I should like to make some comment. I wonder if the minister could give us a breakdown or an analysis of the operation of the women's bureau in the Department of Labour and tell us how it is functioning, or if it is functioning, and what it has accomplished?

Mr. Starr: Perhaps the hon. member would allow that question to stand until we reach the item.

Mr. Howard: Would the minister care to indicate which item it would come under? I should be pleased to do as the minister suggests but I note it is under item 170.

Mr. Starr: I apologize to the hon. member. I am unable to give details as to the functioning of this section of the department at the moment, but I would be very glad to get the information later.

Mr. Howard: When I was in the provincial legislature I had the thought that the provincial government should institute the same thing. I believe this was in 1953 or 1954, when this bureau was established under the federal Department of Labour. While the aesthetic aims and other objects of the bureau may have been worth while at that time, I doubt very much whether anything worth while is being accomplished by the operation at the present time. I say I doubt this, but I do not know. Not being a woman this matter does not come to my attention as much as it would probably engage the attention of the hon. lady the Minister of Immigration and Citizenship, who would probably have a close interest in the work of this bureau. As far as my own knowledge goes, I say that I doubt whether it is really making a contribution to Canada.

Mr. Argue: Mr. Chairman, I am very disappointed that the government has not given the committee some indication that it will deal in an effective manner with the very grave unemployment situation.

Mr. Starr: I said that we were concerned about this situation and the reason for calling this conference on winter unemployment was to deal with this serious matter. The hon. member keeps repeating himself and twisting words, and he is unable to say anything that is reasonable in any way at all. It is just plain playing politics with regard to the very serious unemployment situation.

Mr. Argue: Irresponsible remarks of that kind from the Minister of Labour—

Mr. Starr: We have been listening to this all day.

Mr. Argue: The minister knows that he should not interrupt an hon. member who has the floor. Such remarks by the minister are a very poor and inadequate substitute—

Some hon. Members: Oh, oh.

The Chairman: When the hon. member for Assiniboia has the floor it would be appreciated if members of the committee would permit him to continue his remarks.

Mr. Argue: I was saying that the irresponsible attitude of the Minister of Labour means that the government does not take this situation nearly as seriously as it did—

An hon. Member: Sit down.

Mr. Argue: The government does not take the unemployment situation to heart in nearly the same way as it did during the election campaign, when the pledge was given that this problem would be dealt with and that at mid-summer unemployment would be solved. What have we heard this afternoon?

Some hon. Members: You.

Mr. Argue: We have had an exhibition—

Mr. Starr: "Exhibition" is right.

Mr. Argue: —an exhibition from the government which indicates that it has no policy. The minister can pop up now and tell me the government has a policy if he likes, but there is no indication that the government has a policy to deal with this matter. Something is being processed, he says, in his department that will be turned over to the cabinet at some later date. What have we asked? We have asked that this item should stand so that this committee might have the chance to debate whatever statement the government may make later this session, so that we may be able to deal with the grave unemployment situation in this country. I suggest that the government and the minister are showing contempt for the unemployed of this country.

Some hon. Members: Shame.

Mr. Argue: I suggest he is showing a callous disregard of their position by refusing not only to say whether or not he has a program, or will have a program, but also whether or not legislation will be placed before parliament during this session in order to meet the situation. The government will not even allow us to debate the subject on item 1 by allowing it to be postponed to a future date. In order to show how we believe the government should deal with this situation, and as a method of protesting this cavalier attitude toward the committee, I should now like to move that the chairman do now leave the chair and that we rise and report progress.

Mr. Starr: Mr. Chairman—

Mr. Pickersgill: That motion, I believe, is undebatable.

[Mr. Argue.]

The Chairman: Since the motion is undebatable I must ask the hon. member for Assiniboia to let me have his motion in writing.

Mr. Argue: I move:

That the Chairman do now leave the chair and that the committee rise and report progress.

Motion (Mr. Argue) negatived: Yeas, 21; nays, 58.

The Chairman: I declare the motion lost. Shall the item carry?

Mr. Pickersgill: Mr. Chairman, I wish to repeat again my appeal to the house leader to accede to that very reasonable request.

Some hon. Members: Order.

Mr. Pickersgill: May I remind hon. gentlemen that we were not voting on this question at all. Recalling some of those scenes in another parliament when the Minister of Public Works sat on this side of the house I believe the minister would be extremely reluctant to use his majority to extinguish the opportunity for debate and that is what will be done if this request is not acceded to. My friend the hon. member for Hull who I believe wishes to say a word on this subject will doubtless add to what I have said.

Mr. Green: Mr. Chairman, the hon. member for Bonavista-Twillingate has again placed one of those seductive suggestions before the government. He says that if we do not consent to his suggestion, if we do not let him run the house, then we will be stifling debate.

Mr. Pickersgill: Not at all.

Mr. Green: Let us just analyse what has been taking place. The estimates of the Department of Labour for the first time in the history of parliament—

Mr. Pickersgill: And the last.

Mr. Green: —were sent to the standing committee on industrial relations in order that they might be—

Mr. Pickersgill: Kept out of the house.

Mr. Green: —thoroughly considered. That was done in the standing committee. Every single item which is now before us in these estimates was passed in that committee. I heard not one word of complaint about the proceedings in that committee. I believe a good job was done and all parties share in the credit for that good work. The estimates have now come back to the house. There has already been a lengthy discussion on the first item. It has been the practice of the house to have a general discussion on the first item

although there has always been some doubt as to just what right there was to such a discussion.

Mr. Argue: Only when you moved over there.

Mr. Green: The government has not made the slightest move to shut off discussion on this item where it was in order. An attempt was made by the hon. member for Assiniboia to drag in by the tail the question of the payment of the salaries of civil servants and that, of course, was ruled out of order by the chairman. Now we have this alluring suggestion on the part of the hon. member for Bonavista-Twillingate that if we do not stand this first item indefinitely—

Mr. Pickersgill: Not indefinitely.

Mr. Green: —then we are stopping debate, bringing in a type of closure. Mr. Chairman, there could be no submission more ridiculous. This is a submission which the hon. member for Assiniboia and his fellow members in the C.C.F. would never raise because they know it is entirely contrary to what is taking place here.

Mr. Howard: Do not be too sure about what we would do.

Mr. Green: There is no reason why the discussion on the first item should not be carried on in the ordinary way. There are various other departmental estimates to come up on which employment can be discussed. It is not as though this whole field had to be covered on this one item or it would never be covered at all. There will be 25 different ways it could be brought up between now and the end of the session and I have not the slightest doubt that the C.C.F. will find 24 of them. Of course, the hon. member for Bonavista-Twillingate will never find them because he always comes in at the tail end of the C.C.F. on any issue. He is doing his party more harm than anybody else in that party.

An hon. Member: And that is saying something.

Mr. Green: When these eight men in the C.C.F. who are working under difficulties in having such a small number do bring up a point the hon. member for Bonavista-Twillingate has to run along and jump on the bandwagon and start talking. I am perfectly aware of what I just witnessed during the last half hour. I saw the call come from the C.C.F. who went over to the hon. member for Bonavista-Twillingate and sat beside him and gave their marching orders as to what was to be done next.

Mr. Denis: That is his business.

Mr. Green: At one time the hon. member for Bonavista-Twillingate held a very responsible position in the civil service, that of clerk of the privy council. That is really the very centre of the civil service. Of course, prior to that the hon. gentleman was the private secretary of the late Right Hon. William Lyon Mackenzie King and he acquired many bad habits while serving in that capacity.

The Chairman: I believe we are straying from the discussion we should be conducting at this time and perhaps we should return to a discussion of item No. 170.

Mr. Pickersgill: Mr. Chairman, I have no desire to reply to the flattering things that were said about me by the Minister of Public Works. I appreciate them. However, I wish to remind the Minister of Public Works of something which he appears to have forgotten.

I point out to hon. gentlemen that I am talking about this item and strictly on the item. I did not ask the minister to stand this item for a general debate on unemployment; I asked for nothing of the kind. I said that for our part we would be prepared to go ahead in an orderly manner with a discussion of the other items of the department. I made a request for a specific and limited purpose. The Minister of Labour rose in his place and said he could not report on the conference which he described as important because he had not yet reported to the cabinet. I promptly accepted that position and said that, in order to give the minister an opportunity to report to the cabinet and in order to give the government an opportunity to take action, we should stand the first item of these estimates. I did not say it should be stood for an indefinite period although of course it seems to require an indefinite period for this government to reach a conclusion about anything. But that was not my idea. My thought was that the government, for once, might make up its mind quickly about this matter and report to the house. We would be very glad to go on with a discussion of these estimates, and if the government would make up its mind in the meantime we could proceed on the first day the government did not have to make a motion to go into supply. In the interval the minister could make his report to the cabinet and then to the house on the occasion to which I have referred. The report on the winter employment program is what we want to debate and a discussion of it would not, I believe, be in order on any item of the estimates other than item No. 1 of the estimates of the Minister of Labour. It was in order to respect the desire of the

Minister of Labour to preserve the confidence that he is entitled to preserve until he has reported to his colleagues in order to let this government make up its mind, if it is capable of making up its mind, and to report to the house, that I made this very reasonable request, and I make it again.

The Chairman: Order. The Chairman must insist once again on asking hon. members to respect standing order 59, subparagraph 2, which states clearly:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

We are considering item No. 170 and we must confine our remarks to this item. Shall item 170 carry?

Mr. Caron: Mr. Chairman, a while ago I listened to the Minister of Public Works. He said that in the industrial relations committee nothing was said to indicate that any opposition came from there. I know that I for one accepted the report on division so that we could have a chance to study the matter in the house. Furthermore, the minister seems to think that the request of the hon. member for Bonavista-Twillingate is something extraordinary when he asks that item 170 stand and that we go ahead with the other items and come back to item 170 later on in order to give the minister a chance to report to the cabinet and be in a position to say whether there is really some legislation in mind to alleviate the hardship of unemployment.

When I was a member of the Quebec legislature—I do not know whether it is still the same today; there have been many changes since I left—item 1 of every department was allowed to stand until later in the session so that we could come back to it to deal with events that may have taken place during the session. It has been the common practice to follow that procedure in the Quebec legislature, and I do not see anything in the standing order, or in any of the practices of this house, which would prevent us from standing the first item and passing the remainder of the items and then coming back to the first item later after the minister has had a chance to discuss the matter with the cabinet to see whether any legislation really is in preparation to help in the unemployment problem of the coming winter. That is what we want and I do not think the Minister of Public Works has any right to make the remarks he made because I really believe they were the cheapest remarks ever made in this house.

Mr. Starr: Earlier this afternoon the hon. member for Bonavista-Twillingate said that he did not wish to anticipate government legislation and he was right. He has been the clerk of the privy council and he knows very well that by this action in asking that this item stand he is using a form of blackmail.

Mr. Pickersgill: Mr. Chairman, I have very rarely raised a question of personal privilege in this house but I believe blackmail is a crime and I believe it is contrary to the rules for one hon. member, even in jest, to suggest that another hon. member has committed a crime or is attempting to commit a crime. As a good lawyer I am sure the Minister of Public Works would be the first to agree with me in this. I must say that personally I could not care less about this charge because, as the Minister of Public Works has said, my life is an open book and I do not think anyone thinks I have ever indulged in the crime of blackmail. But I am speaking, sir, on a question of privilege. I do feel—

Some hon. Members: Sit down; the Chairman is on his feet.

The Chairman: Possibly the minister's language was a bit strong and I am sure he will withdraw his remark.

Mr. Starr: I will withdraw it, Mr. Chairman.

In answer to the hon. member for Skeena regarding the women's bureau, this bureau has the responsibility for examining existing data and studies concerning conditions of employment of women workers and stimulating additional research by the appropriate branches of the department or other research bodies. They also have the responsibility of assembling information of interest to women, and, through speeches and published material, making it available in such a way as to foster an intelligent approach to women's problems; thirdly, they develop regular channels between the departments and other public and private agencies, including women's groups and employer and labour organizations, in order to ensure a continuing interchange of information concerning women in employment; advising the department on any of its program affecting women workers and being available for consultation with provincial government agencies or other bodies concerned that employ women, as requested.

Now, the allotment of estimates in the year 1957-1958 for this board was $32,100. The expenses in that period were $26,164.74. The allotment in the estimates for this fiscal year is $31,285.

Mr. Howard: Where may we find that in the details?

Mr. Starr: It is embodied in the details; it is not set out as a separate item.

Mr. Howard: Can the minister indicate whether he thinks this women's bureau makes a worth-while contribution?

Mr. Starr: My advice from the officials is that it does.

Mr. Howard: I would like to take advantage of the invitation of the Minister of Public Works to search for one of those 25 ways. I have been trying to track down what the 25 ways may be. I have found one way that I think is the legal way of raising this question. In the details on page 253 there is a listing, and I find the following: "Approximate requirement for increases in rates of pay". The figure of $28,527 is shown for last year, but nothing for this year. Can the minister indicate whether he intends to keep that at nothing throughout the remainder of the fiscal year, or whether there is any thought of arranging for increases in the rates of pay for public employees working under his jurisdiction?

Mr. Starr: The amount last year was for the provision of increases in wages which were not provided for this year.

Mr. Denis: Can the minister tell me whether those increased wages were voted by the former government?

Mr. Starr: It was under the general salary revision which came into effect in the fiscal year 1957-58.

Mr. Denis: Were the increased wages voted by the Liberal government before the new government came into power?

Mr. Starr: No, it was not voted by the former government. It was in the 1957-58 estimates.

Mr. Chevrier: Mr. Chairman, I hope the minister will not think that I am attempting to hold up his estimates because that is the last thing I would want to do. I held a position similar to his and I know how much I became annoyed when, just at the time the item was about to pass, someone rose and made a speech which I thought was embarrassing. I did not like it. Therefore, I am going to do my best not to make an embarrassing speech and not to try in any way to hold up the minister's estimates; but I am prompted to rise because of the discussion that was originated earlier and because of a remark made by my genial friend across the way, the leader of the house. The fact is that he made a statement here which was quite at variance with one he made earlier in the session.

During the discussion of the motion to send many of these estimates to standing committees for consideration, the point was made that such procedure would not affect in any way the discussion in the house. What is happening now is that after the estimates of this particular department, namely the Department of Labour, have gone to the standing committee and have now been reported to the house for discussion, we are told: "Oh, well, those estimates have been discussed at great length and you are holding up item No. 1".

Mr. Green: I did not say that, Mr. Chairman.

Mr. Chevrier: With all due respect to my genial friend across the way, I say that he cannot have it both ways.

Mr. Green: On a point of order, Mr. Chairman, or a question of privilege, may I say that I did not say that at all. I said that you could have the widest discussion on the item here. What I said was that this charge that we are trying to stop discussion was ridiculous because not only is the matter being discussed here but it was also discussed in the committee.

Mr. Chevrier: The charge is not so ridiculous as the house leader would lead us to believe, Mr. Chairman. The minister said a moment ago that it is not the practice to hold up item No. 1. I say to him now that the former administration on more than one occasion held up item No. 1, not indefinitely but in order to give consideration to the matter which was submitted to the house; that matter was that the minister should hold up this item of his estimates until the government could report on winter work, until he could discuss with his colleagues in the government what the position was with reference to this extremely important matter of winter work which is of interest to all of us on this side of the house.

What I am saying now is that there should be no objection to telling the house what the position is. What harm could there be if item No. 1 were allowed to stand? In so far as I am personally concerned—and I can speak only for myself—I am prepared to state that if item No. 1 stood I am almost willing to wager that the other items would go through very quickly. Then if anything were to take place between the time this item was allowed to stand and the time it was passed there would be an opportunity for discussion of matters concerning the important department over which the minister presides. My only purpose in rising was to draw to the attention of the committee and of the minister the fact that on more than one occasion item No. 1 has been allowed to stand in the past. It would strike me that it should stand again on this occasion.

Mr. Regier: I think it is obvious now, Mr. Chairman, that the Minister of Public Works regrets the fact that he extended the hours of the house sittings to include Saturdays. However, this is what has impressed me more than anything. Here we have in office a government which has assured the Canadian people that from the month of June, come the month of July we would overcome the problem of unemployment; that we were past the peak; that we were over the hump. Those assurances were broadcast across the nation. We are now in the month of August and all we can read in the reports emanating from the Department of Labour is the age-old phraseology that there has been a decrease in the rate of increase as it affects our number of unemployed. The minister tells us that no legislation is to be introduced. He says in effect that we cannot before the end of the session expect that there will be introduced into this house any legislation that has any specific design—

Mr. Starr: I did not say that.

Mr. Regier: —or bearing of any major consequence on the subject of unemployment.

Mr. Starr: I did not say that.

Mr. Regier: Oh, yes; the minister has said that. The minister was unwilling, only a few minutes ago, to have item No. 1 held over.

Mr. Starr: I did not say that.

Mr. Regier: The minister voted against the motion that the committee now rise. The minister insists that this house now ought to complete discussion of his department in its over-all phases; in other words, he insists that a discussion of the basic principle ought now to end. He says that he is unwilling to go to the cabinet and unwilling to say to the cabinet: My colleagues, the House of Commons is not satisfied; the House of Commons wants more definite assurance that aggressive measures are being taken to meet the situation of unemployment.

This attitude bears out what I said yesterday, namely that this government seems to have made up its mind that it is going to attempt to ride out the storm. That is a cruel position to take when we consider human values. I feel that it is a dangerous position to take when we consider economic values. This air of uncertainty that obtains in the whole economic field throughout Canada, from Newfoundland to Vancouver island, must be cleared.

The people of Canada must have an assurance that we have in office a government that is master of the situation. We have not that assurance yet. The workers of Canada, the investors of Canada and the commercial interests of Canada are faced with this feeling of uncertainty and that is our major handicap now. That is the major cause of unemployment today. This government feels that it can with platitudes restore prosperity. It feels that it is unnecessary to meet the situation head on with an air of aggressiveness which would involve legislation and which would involve this parliament. We are asked to accept these assurances. We had those assurances six months ago, Mr. Chairman. The statistics of the minister's department now show that the assurances of this government mean nothing. As far as the unemployed of Canada are concerned, these assurances are worthless. The unemployed last winter voted Conservative—let us make no mistake about it—because they had a certain confidence in this new regime.

Mr. Ricard: They still have.

Mr. Regier: I remember, Mr. Chairman, that the former hon. member for Winnipeg North, Mr. Alistair Stewart, when the last parliament was in session, went home and lived with the unemployed in Winnipeg for one whole week. Then he came back to Ottawa and he brought back a report that worried me a little bit. He reported that half of the men in the line-up at the unemployment insurance offices were C.C.F. and the other half were Conservative. I failed to understand it. He said, "They are optimistic; they have a blind faith in this government". Those people today, six months later, no longer have that blind faith. Today they are filled with disillusionment.

An hon. Member: That's what you say.

Mr. Regier: They now realize the truth about this government. They are not taking the minister at his word today. The minister is assuring us that the government need not introduce any legislation. In effect that is what he is doing. He is saying that the cabinet need not ask parliament to consider deliberate moves to solve this problem of unemployment. The minister has asked us today to accept in blind faith the assurances that were given six months ago and which have since been proven to be a hollow mockery to those who are unemployed; that is cruel indeed.

I have only one other remark to make and that concerns what the Minister of Public Works had to say when he attempted to tell us we ought to end our discussion now because this subject has been dealt with adequately.

Mr. Green: I did no such thing. The hon. member must not put words in my mouth like that.

Mr. Regier: I realize I must accept the statement of the minister. However, may I recall to the minister that only a few minutes ago he expressed a doubt as to the right of a lengthy discussion on item No. 1. If that is not an attempt to limit the debate on the subject of unemployment on this first item of the estimates of the Minister of Labour, then I do not know what he meant by that remark. That is today the most important subject facing the House of Commons of Canada, how to resolve this problem, and I am most amazed indeed that the Minister of Public Works, of all people, feels that a day and a half is overdoing things.

I believe the Minister of Labour will agree that this is the major problem facing his government now. I do not believe the minister can cite one other problem that haunts him and his colleagues in the cabinet as much as does the worry about unemployment. I am willing to give him credit, at least to that extent. However, I feel they are accepting advice from the wrong places. I feel they are accepting advice from those in Canada who believe a fairly heavy measure of unemployment is healthy for the Canadian economy. A large number of unemployed, it is believed, is one way in which you can keep organized labour in line—"in line" meaning as they see the line.

There are many people in Canada today who do not view with regret a fairly heavy dose of unemployment. We feel that these are the people who are advising the government to attempt to ride out the storm. May I remind the government that if they accept this advice their fate will be the same as was the fate of one other Conservative government, and they will be swept out in the holocaust that will occur on the Canadian economic scene.

Mr. Robichaud: In reply to a question asked by the hon. member for St. Denis, if I recall correctly, the minister stated that the increase in the estimates for 1957-58 was voted by the present government. He could have added also that it was recommended and accepted by the previous administration.

In introducing his estimates yesterday, Mr. Chairman, the minister stated that he had tabled a report on the unemployment insurance fund on July 10 which gave an accurate description of the fund, and this could be found on page 2137 of *Hansard* for July 10. This report shows that as of May 31, 1958, there was a balance of $662,056,-156.77. Since two months have elapsed from the date of that report, could the minister advise this committee as to the present standing of the unemployment insurance fund, say at the end of July?

Mr. Starr: In reply to the question asked by the hon. member for Gloucester concerning the matter of the increases which have been brought about, may I say that the civil service commission made a recommendation that these increases be put into effect. The former government deferred any action on it, and when this government took office we put it into effect.

Mr. Pickersgill: I am sure the minister would not want to misrepresent the facts. I attended the last meeting of the treasury board of the old government, at which this matter was considered and in which we indicated our approval of these increases but left the implementation to the incoming government.

Mr. Starr: I have been advised by the officials of the labour department that what I said is so. Now, the balance—

Mr. Pickersgill: On a question of privilege, sir, is the minister questioning my word as a member of parliament?

Mr. Starr: I am taking the word of my officials.

Mr. Pickersgill: I really have a question of privilege now, Mr. Chairman. Since when has it become the rule in this parliament that one member of parliament can go to strangers, who happen by tolerance to be in the house, to question the word of another member? It does seem to me this is one of the most extraordinary things that has ever happened in parliament in my experience. I made a statement on my responsibility as a member of parliament, and the minister got up and said my statement was untrue, and that he confirmed the untruth of it by reference to some strangers who happen to be here by tolerance. It does seem to me this is something that cannot be tolerated by parliament.

Mr. Starr: In order to straighten this out—

Mr. Pickersgill: I am serious about this question of privilege.

Mr. Starr: I am always serious about these questions. In order to straighten the matter out, I may say that it was not the former government which gave sanction to it. It was the treasury board.

Mr. Pickersgill: The hon. gentleman does accept my statement as accurate?

Mr. Starr: Yes, that the treasury board gave approval and the former government did not.

Mr. Pickersgill: The treasury board was composed of members of the former government.

Mr. Starr: I want to keep the facts straight. The hon. gentleman was the clerk of the privy council—

Mr. Pickersgill: No, he was a member of the cabinet as minister of citizenship and immigration.

Mr. Starr: But he was the clerk of the privy council before that and he knows that government policy is not set by action of the treasury board but by action of the cabinet.

Mr. Pickersgill: I do not want to get into a quarrel with the minister for whom I have the greatest possible esteem. I think we really do understand one another. I will repeat what I said. I said that this matter was considered by the treasury board of the old government at its last meeting and was recommended, but that final approval was left to the incoming government. That is what I said, and if that is what the minister agrees with, then we are in complete agreement.

Mr. Starr: That is right.

Mr. Pickersgill: I still feel, sir, it was a rather—I expect it was a slip by the minister —serious suggestion that he was referring to strangers in the house to question the word of another hon. member.

Mr. Starr: I said, Mr. Chairman, what I know now to be the fact and I think it has been substantiated by the hon. member for Bonavista-Twillingate, that action on this matter was deferred by the former government even though it was approved by the treasury board.

Mr. Pickersgill: It was not deferred by the previous government because the meeting of the treasury board took place one day or two days before we resigned.

The Chairman: Order, please. It was decided, and there was a ruling made, that we could not discuss the civil service commission under this item 170. I hope that this pleasant discussion between the Minister of Labour and the hon. member for Bonavista-Twillingate has now come to its conclusion. It would be appreciated if we came back to resolution 170 and discussed that. Shall the resolution carry?

Mr. Starr: Mr. Chairman, I would like to answer the hon. member's question. He wanted to know what was the balance of the fund at the end of June which was the last figure we have available. It was $644,520,634.54.

Mr. Robichaud: It is quite evident from the figures just given by the minister, and from the report he tabled in the house on July 10, that during the last seven months the unemployment insurance fund has been considerably reduced; in fact, that the unemployment insurance commission has in that period paid out $346 million. The fund which was close to $900 million over a year and a half ago is now reduced to something in the vicinity of $600 million and at this rate it is evident that within the next 12 to 18 months the fund will be depleted by at least 60 per cent.

In view of the serious situation, is the minister or is the government as a whole giving consideration to increasing the government's contribution to this fund which is regarded as security for the labour force of this country? It is evident that at the rate the fund has been depleted in the last year more substantial contributions by the federal government will be required.

If the minister does not want to answer that question, could he answer this simple one: Is it the intention of the government to introduce an amendment to the Unemployment Insurance Act to increase the government's contribution to the fund?

Mr. Starr: This government in a short space of time has gained the reputation in this country of giving consideration to all problems which are of importance to our people and certainly this is one such problem.

Mr. Howard: I wonder if the minister, in view of the fact that he has just stated this government will give consideration to such a measure, could indicate whether there is any difference in his mind between giving consideration, giving active consideration and giving all sorts of other types of consideration, and whether he would indicate to the house what plans the government of which he is a member has for any kind of fulfilment of their primary objective which was said to be the maintenance of full employment. Has he any possible idea of how he is going to do it?

Mr. Starr: In answer to that question and in answer to a lot of other suggestions made in this debate I will say we have our own methods with respect to actions which have been taken and which will be taken. We have made recommendations on winter employment and most certainly we have not received any suggestion from any member of the opposition as to how that problem should be solved.

Mr. Howard: Would the minister indicate what are his solutions? He is one of those who were elected on false pretences as a result of that type of promise.

Mr. Pickersgill: If the minister wants some suggestions, Mr. Chairman—he says he has not received any from this side of the house—I can assure him we have plenty of suggestions to make but we would prefer to make them in the proper constitutional fashion after the government has brought down its program. It seems to me that when we were elected, in my opinion unhappily for Canada, to oppose the government and the hon. gentlemen were, as I believe it will also turn out unhappily for the country, to conduct the government of this country, they were expected as a responsible government to bring in suggestions to deal with our problems and not to say "We have not heard any suggestions from the other side of the house and so we have no program". That is a preposterous attitude to take and I therefore renew my request to the house leader to have this item stand until the government has made up its mind and can bring down its program before this parliament so that all the elected representatives of the people can debate it.

Mr. Caron: I see that we do not get many answers to that question but could the minister give us one good reason why he does not want item one to stand? This government should try to do something to increase employment in Canada and what we want is not the dole; what we want is work for our unemployed.

If nothing is at present being done to prepare for next winter the load will once again be carried by the municipal and provincial authorities. Thousands and thousands of unemployed are being carried today who are not receiving any benefits because the municipalities have to give them food and they have to pay their rents and, after all, the provincial governments reimburse the municipalities for part of their expenditures in that connection. If we keep on this way many thousands of people will not work during this summer and so they will have no stamps for next winter and will again have to be carried by municipalities which have no means with which to look after them.

The only thing we want to know is whether the government has a policy. We want to know if the Minister of Labour has done something to create work for next winter. I know the Minister of Public Works has a public works program but it is not extensive enough to take care of all the unemployed. What is the Minister of Labour going to do because he is the one responsible for the situation? It is too bad that it happens to be he who is in charge at the present time but it is his responsibility and he and the other members of the cabinet must find the means to solve the problem.

We are asking why will the minister not stand item No. 1. We will pass the rest today and when he has had a chance to discuss the matter with the other members of the cabinet and can come before the house during this session with a program for next winter, then we can deal with item No. 1. Up to now we know nothing; in fact I really think the minister does not know himself what he intends to do and that is not a proper way in which to administer a country, especially in a crisis such as that through which we are passing at the present time.

Mr. McIntosh: I wonder if I might ask the minister two questions? Could he tell the house of the number of unemployed in 1956 and the number of new Canadians who have come to Canada since that time?

Mr. Caron: That does not solve the problem.

Mr. Starr: I do not have those figures available.

Mr. Regier: I cannot allow those questions to pass unnoticed. Their indication is very very clear and it is that immigration is responsible for the level of unemployment. The member ought to know if he does not know—

Mr. McIntosh: Mr. Chairman, I can talk for myself.

Mr. Regier: —that the economic policies of the Canadian government are responsible for unemployment. Several years ago the Canadian Congress of Labour undertook a research program to find out to what extent immigration was responsible for our levels of unemployment and the report indicated very clearly that there was as much for as against the proposition of blaming immigration for unemployment. I hope that this is not an old Tory reaction coming to the fore which we thought had—as in fact the hon. member for Kootenay West said this morning—disappeared from Canada many many long years ago. I refer, of course, to the idea that the newcomers to our country are responsible for the ills which appear on the Canadian scene.

I am not yet convinced that immigration as such is responsible for unemployment and it is very wrong for this government to attempt, even through the mouth of a backbencher, to wash its hands of its responsibilities and to say it is the immigrants the Liberals let in who are responsible for our unemployment difficulties in Canada. I feel we are very right in our demand at the present time that the government should let

the Canadian people know what are its plans to meet the problems of the unemployment in Canada not only winter unemployment but summer unemployment as well. We cannot afford to allow this item to go through and the government go off on its holidays several weeks hence, and let nature take its course and, maybe, end up by having a disaster happen in Canada next winter.

The Acting Chairman (Mr. Chown): Shall the item carry?

Mr. Pickersgill: No, I do not think I can let the aspersion made by the hon. member for Swift Current-Maple Creek pass in the way it has passed up to now, because I had the primary responsibility under the previous administration for quite some time for the immigration program, and I was accused by many members of the present government—and I am not talking now about their supporters—of having too small an immigration program. If they now think they are going to get away with blaming unemployment on the immigration program of the previous government, they have another think coming. I recall that many hon. members spoke on this matter, not least the present Prime Minister, who, speaking to the ethnic press association a few days before the election in June 1957, said we could have a 4 per cent increase per year if we had his government in office. The first thing they did after they came into office was to stop immigration. If they think they can get away with blaming unemployment on immigration they are mistaken, and I ask the minister: does he blame the present unemployment situation on immigration?

Mr. Starr: No, Mr. Chairman, I certainly do not, and I want to say that the last two speeches are purely partizan speeches and an attempt to make a difference between hon. members of this committee, as regards immigration—

Mr. Pickersgill: I cannot let that pass, either. I did not bring up this subject.

An hon. Member: Who did?

Mr. Pickersgill: It was brought up by a supporter of the minister who was attempting, by innuendo, to cast aspersions—

Mr. Ricard: He never drew conclusions.

Mr. Pickersgill: The hon. and noisy member for St. Hyacinthe-Bagot had better go to the public accounts committee if he wants to find out how to ask questions which contain more than the answers.

The Acting Chairman (Mr. Chown): Order. I think the hon. member for Bonavista-Twillingate has got off the subject, which deals with general administration. It is true the hon. member for Swift Current-Maple Creek brought the question into the ring, but I think we should defer any further comments on it.

Mr. Pickersgill: I quite agree, Mr. Chairman.

Mr. McIntosh: I think I am quite capable of answering for myself. I brought this question up for a reason, because I think you would find that the figures are very much the same as they were. If you add the unemployment figure in 1956 to the immigration figure since that date I would say the figure would be very much the same as the total unemployment today, and I say that this government has done a fine job in keeping employment to that level. I do not think the government is denying that unemployment has increased and that it will present a problem, but I have confidence, and so have the people of Canada, that our government has this problem under consideration and will do all that possibly can be done to remedy it.

Canada is not the only country which is facing this problem, and nothing is to be gained by members of the committee on my right repeating themselves time after time in order to make a political issue out of it. I think the people of Canada will realize what they are doing. This is a problem which the government appreciates, and the government intends to do something about it.

Mr. Howard: The hon. member talks about political issues. He did not have much thought of political issues when the Conservative party was trying to oust the Liberal party from office and when they dragged not only the poor unemployed, but every other political issue in the country into it. He does not have much thought now as to all the promises they gave, promises which they had no intention of keeping. The main promise was that there would be full employment for the working classes. There was no intention of keeping that because the government does not know how to keep that sort of promise. The hon. member who says we are talking politics with regard to this kind of thing has only to look back, not too long ago, to the election before last and see who dragged politics into everything and degraded the word politics in this country by making irresponsible promises which they had no intention of keeping.

The Acting Chairman (Mr. Chown): Shall the item carry?

Mr. Caron: Mr. Chairman, coming back to the question which was put forward by the hon. member who spoke a while ago—

Some hon. Members: Order.

The Acting Chairman (Mr. Chown): I think a certain amount of latitude was allowed on that occasion which should not have been allowed. The hon. member for Bonavista-Twillingate was allowed to make a comment on it, but I think I will now rule that any further discussion on immigration as related to this item is out of order.

Mr. Caron: I find that very funny, Mr. Chairman, because you cannot read my thoughts, and I did not wish to speak on immigration at all, but on unemployment, which is part of this vote. When the hon. member who has spoken from my left tells us that we are making politics out of unemployment he is trying to say that members of this committee have no right to say here what they think to be right.

An hon. Member: No such thing.

Mr. Caron: I do not think that any member of this committee has the right to tell another member what he should say or what he should not say, and the hon. member will have to learn in time that every member has an equal right here to say whatever he thinks fit. If the hon. member had been here at that time he would have heard the Minister of Labour in 1955 criticizing the government with regard to unemployment, and he was one of the harshest critics at that time.

The present Prime Minister also in 1955 used to criticize the government continually in a very severe fashion. The same thing is true with regard to the hon. member for Hamilton West who, I believe, was the opposition's official critic at the time. She, also, was very harsh in her criticisms of the government of that day. Now they want to stop us from criticizing government which has no policy whatever and which cannot even advise the committee what it intends to do with regard to next winter. I think that is out of place, and if I had been prevented from saying this I would have raised a question of privilege because we have the right to say what we think on these matters as well as any other members of this committee.

Mr. Regier: I notice that the minister has many excellent advisers with him. They are some of the most highly educated men in the country in the field of economics and in other related fields, and I know that the minister pays very close attention to any advice he receives from them. Is the minister able to inform the house as to what reasons his advisers gave him as to why we have this exceptionally high level of ununemployment in Canada at the present time, and what measures they are recommending to him to overcome this problem. Why do we have this high level of unemployment?

Mr. Starr: In answer to that, I have been advised by the officials of my department in comparing last year's conditions with the conditions this year, that last year the economy was declining to a marked degree. In comparison, this year the economy is on the upswing at this time.

Mr. Regier: Mr. Chairman, I wish to thank the minister for that revealing statement of his to the effect that last year the economy was on the downgrade and this year it is on the upgrade, although this year we have twice as many unemployed as last year. Would the minister elucidate a bit on that point?

Mr. Starr: I must frankly admit that at the beginning of last year there were fewer people unemployed than there were at the beginning of this year.

Mr. Denis: Mr. Chairman, does the minister have unemployment figures for 1954?

Mr. Starr: I do not have them with me, Mr. Chairman.

Mr. Denis: At any rate it is safe to assume that the figure would be three or four times less than the present figure. I should like to place on the record some suggestions made in 1954 by the present Minister of National Defence which in light of the present attitude of the government can only be considered as strange. I refer to the French edition of *Hansard*, volume II, for the first session 1953-54, February 17, 1954, as found at page 2319 and following pages. I have the French translation of the remarks made on that occasion by the present Minister of National Defence who was then the private hon. member for Esquimalt-Saanich at a time when unemployment was far below the level it has reached today and I invite hon. members to listen to what he said at that time:

(Translation):

"Press reports of the last few days indicated that two battalions will be coming back from Korea very shortly. Approximately 50 per cent of the time-expired men take their discharge. They have done their period of service. Some feel they would like to take on army service as a permanent career. Others feel that they have done their duty by serving for the period of their contract, and they take their discharge.

"I should like to throw out the suggestion that some arrangement should be made whereby men are not released during these periods when there is the greatest seasonal unemployment".

The minister even went so far as to ask the government not to respect its obligation of

discharging the soldiers in Korea, even though they were entitled to discharge.

To continue the quotation:

"It seems to me it would not be very difficult for the services to provide some system of, shall we say, vocational training, to tide over that period when a man upon release will go out only to find that, owing to this seasonal unemployment, there is no prospect of finding a job".

Mr. Parizeau: What's wrong with that?

Mr. Denis: If it's our friends from Quebec who want to know what's wrong with it, just let them listen to the rest of the quotation:

"Earlier this session I called attention to the fact that there was a shortage of reserves for our armed forces. In my speech last December I quoted at some length statements made by General Gruenther, supreme commander of NATO forces. I am not going to repeat his statements again except to quote a few lines from a speech made by General Gruenther at Copenhagen, when he was addressing United Nations commanders. He said:

> The creation of adequate reserve forces means that a large proportion of NATO manpower will have to devote a considerable time each year to reserve training. That is inconvenient for the individual concerned and of course it tends to create economic strains.

"It is inconvenient to the individual concerned if he has to do his reserve army or naval training at a time when he is fully employed, but it is not such a great inconvenience to him if his reserve training can take place at a time when he is not employed, owing to the seasonal nature of his employment.

"I would suggest . . . "

Remember it is the Minister of National Defence who is speaking.

"—that those men who are periodically laid off because of the seasonal nature of their employment . . . might be provided with army and navy training at that time".

Let this not go unheeded by my good friends from the province of Quebec.

Mr. Tremblay: What does that mean?

Mr. Denis:

"—and who have not become established with the security of their own homes to which they can go when unemployed".

I would like the members from the province of Quebec to listen carefully to what follows:

"I would suggest that the extension of reserve naval training for fishermen is a line which might well be investigated by the Minister of Labour or by the committee on industrial relations when they consider this question of seasonal unemployment".

I ask my friends from Quebec to bear in mind that utterance of the Minister of National Defence, and to say here and now whether they endorse what he said at a time when he was a private member, and when unemployment was almost unknown in Canada.

Mr. Tremblay: Ignoramus!

[Mr. Denis.]

Mr. Denis:

"The same sort of thing applies with regard to young men who are employed in the logging camps".

Now, if any members from Quebec have such young men in their ridings and if they are prepared to accept the statement made by the minister when he was a private member, let them rise and say so.

Either he was not in earnest, or else he was trying to get votes from the advocates of compulsory military service. Considering that we now have three or four times more unemployed, the minister's statement in 1954 ought to be all the more valid today.

I would ask the Minister of Labour (Mr. Starr) if he has the intention—and I would call it an ill-advised intention—of following the advice of the Minister of National Defence.

(Text):

Mr. Regier: Mr. Chairman, I am far from happy yet with this bland assurance of the minister about the advice he received from his senior officials. A few moments ago he said that last year the economy was on the downgrade and this year it is on the upgrade. I should like the minister to inform us what evidence he has to support an assurance of that kind. The reports I have seen as to net profits of Canadian corporations, total Canadian production, total income of agriculture and net and real income of labour do not lead me to take an optimistic view of the present condition of our economy and on the basis of those reports I fail to see on what the minister's statement could be founded. I agree that in the field of housing there has been an upturn and an expansion but I should like the minister to indicate what is the basis of the assurance that the economy is on the upgrade this year which leads one by implication to the conclusion that we might hope to see some relief from the problem of unemployment.

On June 17 the Minister of Finance forecast optimistically an increase of 2 per cent but we have since learned that his assumption was based on no solid foundation. The Minister of Labour now tells us that his advisers inform him that our economy is on the upgrade and therefore, by implication, unemployment will cease to be a serious problem. Exactly what is the basis of the minister's assurance?

The Deputy Chairman: Shall the item carry?

Mr. Regier: No, Mr. Chairman. I do not believe the minister can get away with a bland statement to the effect that the economy is on the upgrade without producing evidence concerning the foundation of that assurance.

Mr. Cardiff: Just keep right on talking.

Mr. Regier: All these men sitting in the gallery are costing the taxpayers a lot of money.

Mr. Cardiff: Who is costing the taxpayers money?

Mr. Regier: Mr. Chairman, on the problem of unemployment—

Mr. Cardiff: You will talk yourself out of the place.

Mr. Regier: May I assure the whip of the government that on the problem of unemployment I will keep talking until the snow comes. If this government thinks that having half a million or a million unemployed is something funny; that their summer holidays are more important than attending to the grocery bills and the mortgage bills of the unemployed, they have another guess coming and four years hence organized labour is going to throw them out. I repeat in all seriousness, Mr. Chairman, that the minister ought to account for his statement that the economy this year is on the upgrade. We cannot accept it simply as a statement.

Mr. Starr: One of the best indicators is the fact that registrations at our national employment service offices were on the increase as of August last year, but we have shown that there is a steady decline week by week in the registrations at our national employment services offices in recent weeks and although the dominion bureau of statistics figure for mid-July is not available yet—it has not been issued—I venture to predict that on the basis of the national employment service figure of 365,440 on August 7, there will be a very appreciable decrease in the D.B.S. figure for mid-July and even more so in the figure which will come out for mid-August.

Mr. Regier: If the minister should be wrong in that statement of his it would be simply disastrous because, after all, there is nothing new about unemployment figures declining in the month of May and a little less unemployment in June, a little less in July and even less in August. The minister knows that in the summer months the berries have to be picked, the potatoes have to be planted and harvested, the tobacco has to be reaped and so on from one end of Canada to the other. There always is a decline in unemployment in the summer months. I am not very impressed either with this fantastic phrase, as I said before, that there is a decrease in the rate of the increase. I do believe honestly that a medal ought to be awarded to whatever civil servant first invented that phrase in reporting on the state of unemployment in Canada.

The minister's reply meant absolutely nothing, Mr. Chairman. The fact remains that in August we had twice as many unemployed as we had a year ago. The minister says that a year ago our economy was on the downgrade. He says that this year it is on the upgrade. We have twice as many unemployed. The minister has a bit of reconciliation to do. I believe that when he says the economy is on the upgrade he ought to have something more substantial to back up the statement than simply saying, well we are in the summertime and there is less unemployment than there was in the middle of winter.

Mr. Chevrier: Mr. Chairman, I see the Prime Minister has come into the house. This is the second time that I have risen to speak on item No. 1, and to speak not at length but as briefly as I can. When I saw him come in I thought I should say briefly to him what has been taking place in his absence. Perhaps he has been listening.

Mr. Howard: He knows.

Mr. Chevrier: But, in any event, I would like to make an appeal to him. The point is this, Mr. Chairman. In the discussion of item No. 1 there has been a demand from this side of the house as well as from the C.C.F. corner that this item be allowed to stand until some statement is made by the minister concerning the problem of unemployment during the winter months. The minister quite properly has said that the matter is one which is to receive the consideration of the government because of the representations which have been made by the various municipalities. He felt that he could not make a statement until he had an opportunity to discuss the matter with his cabinet colleagues and, as I said, there is no fault to be found with that statement. But I am wondering—and I am appealing to the Prime Minister on this basis—whether this item should not be allowed to stand until some consideration be given to those representations and a statement made in the house.

I am informed, and I believe that such was the case on former occasions. I do know of

more than one instance when the first item of the minister's estimates stood until some further consideration could be given to certain matters. I appealed earlier to the leader of the house and suggested to him that if the item were allowed to stand I was sure there would be no difficulty in so far as the remaining items were concerned.

My only reason in rising when I saw the Prime Minister come in was that I felt—as did many hon. members on this side of the house—that it would be taking the house in its confidence if the government was to stand this item so that at a later date it might report on those representations and say what ones, if any of them, could be implemented during the time that parliament will be in recess. I am sure the Prime Minister would not want to do otherwise than to give this suggestion, which is made in all sincerity, due consideration.

Mr. Diefenbaker: Mr. Chairman, I can understand the sincerity with which the contribution has been made, but I fail to see that there is any necessity to hold up this item. The minister intends to make further statements and in particular when the unemployment insurance item is before the committee. If, in the circumstances, the hon. gentlemen opposite do not feel that the minister's statement is what they want, I am not going to alter in any way, or suggest an alteration in, the stand that has been taken.

The minister is prepared to answer any question. If the presentations are of such benefit as indicated—and I am sure they are—the minister will naturally want to take them under advisement and consideration. That, however, does not mean that item No. 1 needs to be held up indefinitely.

I must say that as long as hon. gentlemen opposite have a contribution to make I am sure they will continue to discuss item No. 1; but to say to the minister and to the government that we will not pass item No. 1 unless certain statements are made and consideration given to the representations that we have to offer is a perfectly proper stand for the opposition to take; but the taking of that stand is not completely conducive to that spirit that one would expect would prevail in a matter as important as this.

I am always anxious to see the opposition given every opportunity. I must say that throughout this session, as I listen to the contributions that are made, I think of other days when we used to be cut off most peremptorily if we endeavoured to secure information. But that is far from our attitude. As long as questions are asked they will be answered no matter how long it takes. I want to see this debated to the limit. If hon. gentlemen opposite feel that they have representations that are helpful I am sure the longer we are on this particular item the more beneficial it will be to give our consideration to those questions in order to meet the problem particularly of winter employment which, I think, is the reason for the request that this item be held up.

There are many more items upon which hon. gentlemen can speak. I for one would not want to enter into any arrangement by which an item would be held conditional upon certain eventualities taking place. Hon. gentlemen have their representations to make continually. Nothing is more helpful than any additional suggestions they have, even though they did not bring them into effect when they had the power to do so. Nonetheless, in the retrospect of solitude, beneficial results often follow. No doubt they have suggestions and I welcome them. This is a troublesome problem. If the item under which a general discussion could take place is now before the committee, I am sure the hon. member for Laurier would not expect me to suggest, as long as beneficial ideas are forthcoming, that this item should in any way be set aside and removed from the field of immediate discussion. I say that with great respect for his suggestion. I know that the suggestion was made with a sincere desire to be helpful. My answer to him is in the same spirit.

Mr. Chevrier: May I thank the Prime Minister for his sincerity of approach to the suggestion I made. I should not like him to be under a misapprehension as to what I had suggested. I am afraid that in his reply he indicated that he was under a misapprehension. I did not ask that the item be held up indefinitely.

Mr. Diefenbaker: Oh, no.

Mr. Chevrier: In his reply the Prime Minister created the impression that the item be held up indefinitely. That was not my suggestion; far from it. I do not think a request of that nature would be a proper one and I tell the Prime Minister that immediately. That is not my request and I am sure it is not the request of those of us who sit on this side of the house. The only request made was that it be held up so that we might be given the opportunity of hearing the minister with reference to the program for winter employment. The Prime Minister has said, "What suggestions have you to offer? If you have any suggestions, here we are and we will listen to them". The opposition has been saying—and I simply repeat and reiterate

it—that is the responsibility of the government and that it is not the responsibility of the opposition.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: That statement fairly well answers the earlier request.

Mr. Chevrier: That is exactly the attitude which the former leader of the opposition took when he sat on this side of the house, namely that the responsibility lay over there on the government side and not on this side of the house. That is why we say to him, with all due respect, that it seems to us that we should be entitled to know before we rise what is the program that is envisaged during the next few months and what is the program envisaged for winter employment. The Prime Minister seemed also to be of the opinion that an attempt was being made to dictate to the government. From what I said previously and from what I am saying now surely there is not the slightest intention of any such attempt. On the contrary, I am making a request and it seems to me to be a reasonable request. If the Prime Minister feels that it is not a reasonable request or if the government feels that it is not a reasonable request, that is all right. I have made the request; they have considered it; they have turned it down. That is fine. But the request is made in that light and in the circumstances that I have stated.

I do not know whether or not I understood the Prime Minister properly but I thought I heard him say that there would be an opportunity for further discussion of this matter under item 179, at which time the minister would make a statement. Was my understanding correct and is it the intention of the minister on item 179 to make a statement about the winter employment program?

Mr. Starr: At the outset, Mr. Chairman, I said that I would make a statement on unemployment on item 179 but evidently that procedure was not acceptable to the members of the opposition. Since then we have not been able to get down to that item so that I could make that statement.

Mr. Pickersgill: May I just say a word, Mr. Chairman, since I was the one—the hon. member for Laurier was not in the committee at the time—who made the first request to the house leader. I should just like to recall what the circumstances were. I had asked the minister—and I think I had done so with great consideration—whether he could give us a report on the conference on winter employment which was held some three or four weeks ago. The minister replied—and I at once agreed quite readily —that he had not had an opportunity of discussing the results of the conference with his colleagues and it would not be proper for him to give a statement to the house on that conference until he had discussed it with his colleagues. We in our party on this side of the house accepted that position at once as a proper one and did not quarrel with the minister at all. Then I rose and, in as considerate terms as I could, asked the house leader whether in those circumstances he would not allow item No. 1 to stand until the government had had a chance to consider its position and the minister could give this report to us with the weight of the government behind it. That is all we have asked for at any time. The request was made in order that we should have the government's position stated to us so that it could be debated.

I recall that on many occasions, when we were sitting on the treasury benches, situations of that kind arose when members of the opposition, for one reason or another, asked for information that was not immediately available and items were held up by ministers until the information could be obtained and other items were gone on with. That is all that our request was, namely that instead of dealing with this item we go on and deal with the rest of the items of the department, and that it be allowed to stand until the government had had an opportunity to consider the results of this conference and report to us.

Mr. Regier: All I want to say before we pass this item is this, Mr. Chairman; and I can assure the house that we are now prepared to end our part in the discussion on this item. We attempted to find out from the minister what, in the opinion of the government, was the cause of the seriously high number of unemployed in Canada. The minister in effect said that last year the economy was on the downgrade and that this year the economy is on the upgrade. That is the only explanation he had to offer as to why this year in the month of August we had twice as many unemployed as we had a year ago. That statement is entirely unacceptable as an explanation from a responsible minister of labour.

Then we further asked what are the intentions of the government not only in relation to a winter employment program but with regard to solving the problem. How does this government propose to obtain the objective of full employment which, I am sure, all members of this government share. We received no reply whatsoever on that score, except an indication of a reply in the comments of the Prime Minister, when he

assured us that this matter was a responsibility of the government. As we pointed out earlier, we had that assurance six months ago from one end of Canada to another. The statistics now show that that assurance did not mean a thing in that unemployment is at an exceptionally high level for this season of the year. We expressed our dissatisfaction at this time that this parliament is again willing to shelve its responsibility and to place its faith completely and blindly in the government, thinking that the government is going to solve this problem and that consultation and action on the part of parliament will not be necessary.

We maintain that this problem is not going to be met without the advice and action of the House of Commons of Canada. We feel that it is playing with human lives, it is playing with the welfare of the Canadian economy, to put such blind confidence in the members of the government in connection with this serious problem.

Mr. Robichaud: I am sure that the Prime Minister recalls those words which he addressed to the previous administration when he said that, day after day, week after week, they were determined not to supply the opposition with information. Just a while ago he stated that the Minister of Labour was prepared to answer any questions addressed to him. I have a simple question. Can the Minister of Labour advise this committee if positive recommendations have been offered to him by the provincial-federal conference which took place in Ottawa a few weeks ago in connection with winter unemployment?

Mr. Starr: Yes, Mr. Chairman. It was not entirely a provincial-federal conference. It was a conference in which many organizations participated and gave their thoughts and ideas to us. There are some very good suggestions in that report, some suggestions that can be put into effect immediately and others on a long-term basis. As I said, it will be submitted for action, so that the government can segregate those that can be put into effect immediately for immediate results, and those that can be brought into effect to give results on a long-term basis.

Item agreed to.

172. Annuities Act—administration, $1,178,839.

Mr. Regier: Might I ask the minister if he can report on the progress that has been made in connection with a certain matter concerning employees who change from one employer to another? What I have in mind is that, in effect, the annuities branch may become the means of establishing a transferable pension plan. Are more pension plans entering the annuities branch? We know there are many industrial enterprises in Canada who, upon setting up pension plans, have agreed with the unions that those pension funds shall be invested in the annuities branch of the federal government. If an employee moves and can find a new employer who also has his pension plan under the annuities branch, then in effect that employee has a transferable pension plan or what is sometimes called a portable pension plan. Are more pension funds being invested in the annuities branch of the Department of Labour or has the number become less?

Mr. Starr: The government administers its own pensions, and so far as other pensions are concerned or the act of transferring from one to the other, that matter has been given study but to date no action has been taken and no changes have been made.

Mr. Regier: I do not think the minister realized what I was saying. I will use an example of which I am aware. The Brackman-Ker Milling Company in New Westminster has a pension plan. These funds, to which the employer and the employee contribute, are invested and there is purchased for the individual concerned an annuity with the federal government annuities branch of the Department of Labour. Now, an employee leaving the employment of Brackman-Ker Milling Company and entering the employ of another industry anywhere else in Canada could, in effect, have what is often described in Canada as a portable pension plan if he could find another enterprise whose pension funds were also invested in the annuities branch of the Department of Labour.

I was asking the minister if he was aware of either an increase in the number of industrial enterprises who have invested their pension funds in the annuities branch, or a decrease?

Mr. Starr: As I understand the hon. member's question, it is this: If a person works for one firm which has a group plan in which he participates, and leaves the employment of this particular company to find employment with another one which has also a government annuity plan, then can a transfer be made? I am advised that it is not transferable but remains as an annuity in the firm for which he has worked up to $120 a year. It is not redeemable until the age of retirement.

Mr. Regier: Is the minister now able to advise whether there are more companies using the facilities of the annuities branch than there were a year ago?

Mr. Starr: The total number of individual contracts issued is 182,147. In 1957, there were 5,937 individual contracts issued and in 1958, 6,701, or an increase of approximately 800.

Mr. Regier: I am sure the minister agrees that a transferable pension plan for the workers of Canada is a desirable thing, and that it would be of immense advantage not only to Canadian employees but also to Canadian employers in that it would enable the discrimination that presently exists against older workers to be eliminated. Does the minister not consider that the annuities branch might well explore this field, and might profitably devote a little of its publicity to the possibilities that exist in the annuities branch for the working people of Canada? I realize that today there are some very high priced insurance men in Canada going from one industrial enterprise to another and spending a lot of their time in one union office after another. They do their best to persuade the union offices and the executives of Canadian enterprises to invest their pension plan funds in company A, B, C or whatever else it may be. However, these people who work in the interests of these insurance companies will never bother to inform either the union officials or the corporation executives of the existence of the annuities branch of the Department of Labour.

Does the minister not agree that a very useful service might be performed for the welfare of the working people if the annuities branch made both employers and union organizations aware of the possibilities of establishing a transferable pension plan through advantage being taken by investing pension funds in the annuities branch?

Mr. Starr: There is a problem of investment where the employer and the employed contribute and there seems to be a difficulty in bringing about any such change. However, I will look into the situation and see what are the possibilities.

Item agreed to.

173. Industrial relations activities, including the administration of the Industrial Relations and Disputes Investigation Act, the Canada Fair Employment Practices Act, the Female Employees Equal Pay Act, the Fair Wages and Hours of Labour Act, and regulations, and the promotion of labour-management co-operation, $593,133.

Mr. Carter: I wish to bring to the attention of the minister some anomalies which have resulted from the method by which prevailing rates are determined by his officials.

I understand that the Department of Labour has officials in certain branches whose duty it is to take samplings of prevailing rates in certain areas and that these rates are used as a basis for the wages paid to people employed by the federal government as casual labourers, people who are employed seasonally and in some cases as full-time workers. In 1939 when the United States government decided to build bases in Newfoundland we came up against this problem. The wage scale for various crafts paid by the United States government were far in excess, sometimes even double those paid locally and while the U.S. government was quite willing to pay the same rates to Newfoundland employees, the commission of government at that time stepped in and set up an arbitrary scale of wages to be paid to Newfoundlanders working at the U.S. bases. We therefore had the situation where Newfoundlanders and United States citizens would be working on the same job, side by side, doing exactly the same work, with the United States citizen getting twice and three times as much as the local labourer.

After confederation we thought we had got rid of this sort of thing but it has only recently come to our attention that this same thing is still being practised as a result of the policy of the fixing of local rates by the Department of Labour. As a result we get a situation such as the one with respect to the hydrographic service which for the past two or three years has conducted surveys for the Department of Mines and Technical Surveys. In this case two small boats of about 40 feet in size have been working in my own riding and it has come to my attention that these two boats, of exactly the same size and doing exactly the same work, are being paid different rates because the crew of one was recruited in Nova Scotia while the crew of the other was recruited in Newfoundland. The difference in the rates is fairly substantial and I think that is a very serious inequity which should be corrected.

As a result of this practice officials employed by the Department of Transport such as assistant lighthouse keepers, and assistant foglamp keepers are suffering from very tremendous inequities as a result of this policy. So much so that the assistant keeper who has exactly the same duties as the man in charge and who has exactly the same hours of work —the only difference in their responsibilities being the sending in of a monthly report— gets sometimes even less than half the salary of the keeper. In addition to this the keeper gets two or three weeks' holiday with pay and has other advantages, such as the provision of his coal, which are not available to the assistant keepers. This is a very serious matter which should be corrected. I do not know the full answer but personally I believe

this government should adhere to the policy laid down by the parliament several years ago when we agreed to the principle of equal pay for equal work in respect of women. I do not see why the same principle should not apply to men, particularly when government employees are involved. People employed by the federal government on identical jobs are certainly entitled to get exactly the same pay. The federal government is a very peculiar employer if it puts into effect one set of rates for Canadians in one part of the country and another set of rates into effect for Canadians in another part of the country even though they do exactly the same work.

The same policy is also in effect outside of Canada for in our embassies we employ local labour subject to the conditions I have outlined above. I happened to be in South America and I found that we had stenographers and secretaries in our embassies who had gone down there from Canada and were being paid wonderful salaries, in addition to which they received cost of living allowances because they were away from home which were up in the thousands while in the same embassies South American citizens were employed at much lower rates who were even more capable than our own people, people who could speak three or four languages. I know of one girl in particular who was a competent stenographer and who was fluent in four languages yet, simply because she was a citizen of that country, she was getting less than a quarter of what we were paying our own people. I think this gives Canada a very bad name and certainly does not enhance our prestige in foreign countries. I hope the minister will take an interest in this question and will do something to straighten it out as quickly as possible.

I think part of the trouble is that too small a sample is taken and that if we must have this sampling procedure, and if we cannot go the whole-hog, then we should at least set up one set of prevailing rates for the maritimes, another for central Canada and another for the west. There certainly should not be such a wide discrepancy in the rates for Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick as obtains at the present time.

Item agreed to.

174. Civilian rehabilitation branch, including payments to the provinces to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the Governor in Council, $197,035.

Mr. Caron: Would the minister tell the house if the province of Quebec is participating in this program for the rehabilitation of disabled persons?

Mr. Starr: No, Mr. Chairman it is not.

Mr. Caron: Was the province of Quebec participating before this year?

Mr. Starr: No it has never participated.

Item agreed to.

Item 175 agreed to.

Vocational Training Co-ordination—
176. Administration, $109,040.

Mr. Herridge: When I spoke on the first item that was discussed, I dealt with this matter briefly. I would now ask the minister if he would explain to us how this vocational training is administered; what are the procedures followed, and who has the responsibility for making applications? I should be glad to have information along those lines.

Mr. Starr: Under this program the provinces take the initiative. In other words, they make up the programs that they want to launch and then they approach the federal government for its participation. This is done on the basis of 50 per cent.

Mr. Regier: Is the minister able to answer the question I put to him on item 1? Can he give us a breakdown of the amounts paid to each of the provinces in the past fiscal year under the vocational training plan so that we may know which provinces are participating and to what extent?

Mr. Starr: Here is a list of the payments made under the vocational training plan to each of the provinces during the fiscal year 1957-1958:

Newfoundland, $158,093.58
Prince Edward Island, $62,555.54
Nova Scotia, $445,935.78
New Brunswick, $277,254.99
Quebec, $2,848.84

Mr. Pickersgill: Would the minister give that figure again?

Mr. Starr: It is $2,848.84. That was just for training affecting members of the armed forces for which a request was made. There is nothing there under vocational and technical assistance.

Mr. Pickersgill: Does that mean that the government of Quebec did not participate in that program?

Mr. Starr: That is right.

The list continues:

Ontario, $536,725.19
Manitoba, $347,022.68
Saskatchewan, $337,739.56
Alberta, $1,370,164.51

British Columbia, $673,646.14
Northwest Territories, $2,544.68

The Yukon did not participate.

Mr. Caron: Has the province of Quebec ever participated otherwise than in the military program?

Mr. Starr: I am told that the province of Quebec participated in the vocational schools assistance program from 1945 to 1957, but they have not as yet signed any new agreement.

Mr. Caron: Could the minister tell us the reasons given by the province of Quebec for not participating further?

Mr. Starr: They have not given any reasons, but we have offered to enter into a new agreement with them and they have not as yet responded.

Mr. Caron: Can the minister tell me what would have been the amount for the province of Quebec if that province had accepted?

Mr. Starr: It would depend upon what program the province was prepared to launch on its own. It is hard to say what their plans might have been.

Mr. Caron: What was the amount which the province of Quebec received in the last year it participated in this program?

Mr. Carter: I did not quite get the figure for Newfoundland. I wonder if it could be repeated.

Mr. Starr: I can give the hon. member for Hull the total figure from April 1, 1945 to March 31, 1957 for the province of Quebec. From 1945 to 1957 the total was $3,139,400. These are the capital payments.

Mr. Caron: There is no breakdown for the last year in which they received any payment?

Mr. Starr: No. The assistance in school construction for the same period for the province of Quebec amounted to $7,460,262.44.

Mr. Caron: That is for school construction. That is from 1945 to 1957, is it?

Mr. Starr: The first figure I gave was school construction and the second was vocational schools payments.

Mr. Caron: I want to make it quite clear. What are the figures from 1945 to 1957 for school construction?

Mr. Starr: $3,139,400.

Mr. Caron: And $7,460,262 was for vocational training?

Mr. Starr: Assistance in training costs.

Mr. Caron: And it was for the same period, from 1945 to 1957?

Mr. Starr: That is right.

Mr. Caron: That is about $550,000 a year.

Mr. Pickersgill: I think my hon. friend from Burin-Burgeo asked a question about the figure for Newfoundland.

Mr. Starr: Oh yes, I did give it, but I have to repeat it. It was a total of $158,093.58.

Item agreed to.

Government Employees Compensation—

178. Administration of the Government Employees Compensation Act, $98,413.

Mr. Robichaud: On this item I have a few questions which I believe the minister is prepared to answer. On what date did this act become operative and how many claims have been made under the act to date? Could the minister supply this information?

Mr. Starr: The act came into being in 1918, 40 years ago, and since that time we have had 263,000 accident claims.

Mr. Robichaud: Of those claims what number were fatal accidents and how many were classed as claims relating to total and permanent disability?

Mr. Starr: There were 357 fatal accidents in the 40 years. Although the average has been higher in the last 12 years, 70 per cent are minor accidents involving no lost time and about 100 a year are permanent disabilities mostly of the permanent-partial type.

Mr. Robichaud: What was the total amount paid out under the act since it became effective?

Mr. Starr: Twenty three million dollars.

Item agreed to.

B—Unemployment Insurance Commission—

179. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor in Council on the recommendation of the Minister of Labour in accordance with section 4 of the Act, $31,784,500.

Mr. McGrath: Mr. Chairman, I should like to direct the attention of the minister for a few minutes to the current dissatisfaction that exists in the province of Newfoundland concerning the administration of the Unemployment Insurance Act. His attention has already been called to this question by other hon. members from that province who have participated in this debate and also indeed this was accomplished in discussions I have held with the minister on previous occasions.

The dissatisfaction arises from two sources. The first is that claims requiring processing have to be sent from Newfoundland to Moncton, New Brunswick. This sometimes results

in delays which are caused by weather conditions involving slowness of delivery of mail and so on. The other factor relates to the general geographic conditions that obtain in the province of Newfoundland. I would point out, for instance, that the total area of Newfoundland is approximately 153,000 square miles and a population of 425,000 people is sparsely scattered over this vast area. This creates difficulties when one takes into consideration the fact that the unemployment insurance commission has only three offices in the entire province.

It has been suggested that the office in St. John's is the largest in the Atlantic region. I urge the minister and his officials to give consideration to effecting a change in the administration of the act under which it would be possible for claims to be finalized in St. John's without having to be referred to Moncton. This would considerably speed up the processing of claims.

Another question raised by hon. members from Newfoundland concerned a request that consideration be given to sending more men into the field to process claims all over Newfoundland and indeed on the coast of Labrador in order that fishermen and loggers will not have to suffer undue delay in receiving unemployment insurance payments. This is of considerable importance to a province that has a serious seasonal unemployment problem. I would remind the minister that many large national companies including banks, insurance companies and even the Canadian National Railways have seen the wisdom of setting up a special Newfoundland region because the problems of the province are not directly related to those of the maritime provinces and in fact are quite different from the point of view of geography, the economy and so forth.

In closing I would also ask the minister and his officials to give consideration to the erection of a new building in St. John's to house the huge staff of the unemployment insurance office. As the officials are probably aware the staff is presently housed in a temporary building erected by the Canadian navy during world war II. I submit that these quarters are most unsatisfactory and not conducive to the proper processing of claims. I ask the minister and his officials to give serious consideration to these recommendations.

Mr. McBain: Mr. Chairman, as an hon. member who represents a tobacco producing area I wish to bring to the attention of the minister and the committee what appears to be a tobacco job racket that flourishes at this time of year. I regret to have to say this racket appears to operate from certain centres in the province of Quebec. Apparently these operators advertise that they can furnish jobs in the tobacco areas of Ontario for the harvesting of the tobacco crop. Prospective workers are required to pay a certain sum of money for transportation to the area. Unfortunately upon their arrival in the tobacco-producing areas of Ontario those individuals who have sought employment find jobs are not available and they are among the many hundreds of people seeking work. If they are lucky they may have sufficient money to get back home but if they have insufficient funds they are left stranded in those areas.

What I wish to suggest is that the national employment offices in Montreal and other areas of Quebec give wider publicity to this kind of labour racket which is carried on by a very few individuals. May I also suggest that persons seeking work in the harvesting of tobacco in Ontario should consult their unemployment insurance offices to ascertain if any jobs are available before going to the tobacco producing areas of that province.

Mr. Carter: Mr. Chairman, I also wish to say a few words about the unsatisfactory way in which the claims of Newfoundlanders for unemployment insurance are processed and administered. I wish to make it clear I am not criticizing the personnel of the department but in Newfoundland we have certain conditions that do not obtain in other parts of Canada and I think the Department of Labour should adjust itself to those conditions because certainly they have existed for thousands of years and are not going to adjust themselves to the Department of Labour.

There are many things that could be done to speed up the processing of unemployment insurance claims in Newfoundland. As I have travelled throughout the province I have had occasion to fill out forms for people not able to do it for themselves. While on the surface the forms appear fairly simple yet there is some confusion created by the fine print. In my experience in filling in forms I have been uncertain just how much information I should fill in on the form. I believe the forms could be simplified still more.

Another matter which considerably aggravates the situation relates to the date on which the form must be filled in. I believe for the purposes of the administration of the act the week begins on Monday and ends on Sunday. In many areas of Newfoundland there is slow mail service. In some areas delivery is only once a week, or ten days, and in winter it frequently is two weeks or even longer. A man filling in the form knows that the mail is coming at a certain date and

he will put the date on. The inherent honesty of those people compels them to put down that date. They could put a false date and everything would be all right, but because they put down the exact date when they make out the form, and that date does not conform to the date required by the department, when it gets in, after travelling eight or 10 days, to the unemployment office the clerk looks at the date and immediately says that the date is wrong and sends it all the way back to him again to be corrected. It takes perhaps another three or four weeks before it gets back to him and he has to wait for another mail and send it back again, and all because he was honest enough to put the right date on it.

Our people in the local office should be familiar enough with the conditions to know that in those outports when a fisherman particularly fills in one of those forms he is not going to work the day after and continue working for any lengthy period. I think the practice of returning forms to claimants for such a trivial cause is unnecessary and causes a lot of unnecessary annoyance.

Something more could be done to facilitate those claims if the clerks in the office would watch when the mail closes, because the mails for certain parts of Newfoundland close on a certain date and the claims that are being adjusted for that period should be in the mail on that date. If they are posted the day after, then they just lie in the post office for another week or 10 days until the mail comes again, and that is an unnecessary delay which could be corrected if the clerks were watching the closing of the mails.

I have often thought that the office in St. John's should be organized on a sort of district basis so that certain clerks would be dealing with claims coming from a certain part of the island and would have the responsibility of seeing that those claims got in the mail at the proper time in order that there would be no unnecessary delay.

Another cause of great annoyance—and again unnecessary annoyance—is the refusal or the failure of the office to reply to correspondence. Almost every letter I get complaining about delay in adjustment of claims states that the writer has written to the unemployment office two or three times. Sometimes they telegraph two or three times and have not had the courtesy of receiving a reply. That not only causes a great deal of annoyance but undermines confidence in the department itself. These things are unnecessary, Mr. Chairman, and I do hope the minister will take whatever steps are possible to have them corrected.

Mr. Starr: Mr. Chairman, I just want to make some remarks because of the representations which were made by the hon. member for St. John's East and yesterday by the hon. member for Bonavista-Twillingate and last night also in respect of the Unemployment Insurance Act and by the hon. member for Burin-Burgeo. I must say that after all there has been a handicap in the operation of the unemployment insurance this year simply because it was our first experience with fishermen coming under the Unemployment Insurance Act. Most certainly it was expected that there would be some anomalies that through experience would have to be corrected as they were brought forward. I think that with one year's experience in this matter we shall see that some of these things are cleared up to the satisfaction of those who are the recipients of unemployment insurance.

Last night the hon. member for Bonavista-Twillingate said that I would have no objection to the fact that it was the previous government that brought the fishermen under the act. I agree readily that that is so. I have no objection to that, but it was this government which brought forward legislation to give them an additional two months on a permanent basis and also an additional six weeks after that period for this year.

I have noted the representations made in this regard and most certainly we shall look into the situation to see how some of those anomalies can be rectified.

As to the Unemployment Insurance Act itself, I want to say to the committee that I have submitted certain suggestions to the unemployment insurance commission and suggestions, I might say, which reflect a major change in unemployment insurance, necessitating a great deal of study. Some of those recommendations were studied in the unemployment insurance advisory committee in the early part of July. They are convening again on August 19 to study the remainder of the suggestions, and I hope that when the recommendations are received from them I shall have the opportunity of getting the approval of the government and bringing them before parliament next session. I had hoped it might be this session but it certainly does not look as though that may be possible. I should like to see those amendments given thorough study and be referred to the industrial relations committee.

I said at the outset that I would make a statement on unemployment. Because of the continued debate we have had this afternoon I must admit at once that I have already given considerable information regarding the winter employment conference, which relates to this, and I have also

covered other aspects that have been raised as the debate progressed this afternoon. Generally speaking, I think the committee will agree that since becoming Minister of Labour I have dealt fully and frankly with the problem of unemployment. Possibly in doing so I have dealt with it in some instances with restrained optimism—

Mr. Benidickson: What does that mean?

Mr. Starr: It is optimism with some restraint. I have never made any attempt—

Mr. Chevrier: It means frankly but not fully.

Mr. Starr: I have never made any attempt at any time, I think, to lull this house as to the fullest extent of the problem which we have faced and we did face it last winter, and I think there is every likelihood that we are facing it now. But I would also say that this is a problem which this government faced in the past and faced firmly, and will face it as it comes before us again in the future.

I want to say at once, Mr. Chairman, that the government's firm and quick action last year in dealing with this unemployment last winter, resulted in keeping our economy much more firmly in balance than was the case in some other countries and perhaps much more so than was expected. I think the steps that were taken by the government, and above all the knowledge that the government was prepared to take steps, had a profound psychological effect in building up public confidence last winter. I found that as I travelled across this country, particularly last spring, and had the opportunity of visiting our offices and seeing what effect it did have, and I was heartened by what was being done.

What is the present situation? From the information at my disposal I would say that in the last couple of months there has been a considerable improvement in our general situation. This improvement has reffected itself in the fact that where a year ago unemployment was rising at a faster than seasonal rate, it is now declining at a faster than seasonal rate, and this is borne out by the economists of our department who did not, I must admit frankly, anticipate that this trend would take place at this time of the year.

In recent months we have seen the effects of the action taken by the government last fall. There was a tremendous upswing in domestic housing construction and a steady rise in retail sales. This may be traced directly to government action in pumping money into housing and in keeping up purchasing power with extended social security payments, assistance to municipalities, in dealing with unemployment assistance to farmers and fishermen. These too have had their effect. Then there was the announcement by the government of its readiness to undertake large capital expansion projects such as Saskatchewan irrigation and maritime power. I think all of these things have been reflected in increased public confidence.

In regard to my own department, may I say that I was most pleased that the Leader of the Opposition was good enough yesterday to register interest in what we were doing about the situation. The extension of benefits during the winter and spring, of course, is familiar to all members of this house. The continuing emphasis on placement by the national employment service I have already mentioned. This will continue at an accelerated pace and has, I might say, begun to show an effect in recent months. Our winter employment campaign last winter was the most ambitious one ever undertaken by the department. This year we are asking for $150 thousand again. I would suggest to hon. members that the results of this campaign do not linger entirely in the realm of academic conjecture. I myself have seen evidence, as I mentioned earlier, of how this campaign was working out.

There is no need for me to refer to the winter employment conference because I think I have dealt with it to the fullest possible extent. The recommendations will be put before the cabinet for their consideration and action. We are taking this action. We propose to take more action as it becomes necessary. I can assure this house that we recognize our responsibility and that we will face up to it. We have done so in the past and we will do so in the future.

I just want to illustrate what I meant by the fact that there is a decline where there was an increase in our employment which is more than seasonal. The figure for registrations on July 10 this year stood at 83 per cent higher than for the same date last year. The figure for July 17 was 60 per cent higher than last year; and the figure for July 31 was only 45 per cent higher than last year. Since then we have noticed a continual drop in our registrations, a fact which indicates that there is a downward trend in unemployment whereas last year at the same period there was an upward trend. On the basis of these figures I say that there will be a considerable drop in the D.B.S. figures in mid-July. There is bound to be because the N.E.S. figures indicate that. Most certainly there will be a decrease in the D.B.S. figures for mid-August. That is all I wanted to say, Mr. Chairman.

Mr. Carter: There is just one question which I omitted to ask when I was on my feet earlier. Last night in his opening remarks the minister referred to the table appearing on page 2137 of *Hansard* with respect to the unemployment insurance fund. I think that table was placed there in reply to a question which I put on the order paper. I wonder whether the minister could bring us up to date by giving us the corresponding figures of contributions or payments for June and also for July, if they are available.

Mr. Starr: The last figures we have are for the month of June. I do not know what was shown on the table that was placed on *Hansard*. Was it for the end of May?

Mr. Carter: Yes.

Mr. Starr: The only additional group of figures we have is for the month of June. The contributions of employers and employees for June were $14,885,735.42; government, $2,972,973.64. Do you want the figures right across the page?

Mr. Carter: Yes.

Mr. Starr: Fines and penalties, $4,193.82; interest on investment and profit on sale of securities—

Mr. Carter: No. I do not think we need those figures. I should just like to have the contributions and the withdrawals or benefit payments.

Mr. Starr: The figure for ordinary benefit payments was $26,021,851.26; supplementary and seasonal, $10,941,005.65; or a total of $36,962,856.91.

Mr. Carter: I thank the minister.

Mr. Spencer: Before this item passes there is one matter on which I should like to speak for just a moment and concerning which I should like to ask the minister a question. It has to do with the administration of the Unemployment Insurance Act, particularly as it affects workers in the community of greater Windsor and in fact all the ridings in Essex county. For that matter, I think it also applies to many other ridings in which there is a fair percentage of workers engaged in the automobile industry. It is my understanding that this is a matter which the government inherited in that it concerns the administration of regulations which were in effect at the time this government came into office. It is a matter which I have discussed with the minister and for the benefit of our community I should like to have some assurance that it is receiving consideration from the government. I think it is of particular importance because of the fact that the automobile industry in this present recession has suffered a great deal more than has any other manufacturing industry. It is of particular concern to the people of my riding in that the greater percentage of the workers in the industrial area of Windsor are engaged in the automobile industry.

At the present time, as I understand it, benefits are derived under the act based upon the contributions made by the worker during the last immediately preceding 30 weeks of employment. We all know that because of the depressed condition of the automobile market the workers hours of employment were reduced during each working week. Their contributions, of course, have been reduced accordingly. Their benefits are reduced where their contributions have been thus reduced. That condition continued for a substantial period of time until finally in many instances lay-offs took place in the industry and the workers then, of course, applied for benefits under the act. The suggestion has been made that instead of benefits being based upon the contributions made during the last immediately preceding 30 weeks of a period of some 104 weeks, they be based upon an average over the period of 104 weeks. I should like to know whether the minister is giving that matter consideration and whether we may look for some relief.

Mr. Starr: I have had this matter referred to me by others who are interested, and I thank the hon. member for bringing it again to my attention. When the unemployment insurance advisory committee meets on August 19, that will be one of the problems with which they will be dealing at that time.

Mr. Badanai: May I ask the hon. member for Essex West why he did not vote for the amendment to reduce the excise tax on automobiles when it was introduced a few weeks ago?

The Acting Chairman (Mr. Chown): I am afraid I have to rule that question out of order.

Mr. Benidickson: I have my eye on the clock, as I see the minister has, too. I do not want to hold up his estimates. We have had some correspondence about the matter of decentralization where, in my opinion and perhaps the minister's opinion, it is justified, having regard to some of the views of the unemployment insurance commission that centralization is a very desirable thing in its administration. I have in mind the need, particularly in these times, of service at

Dryden and Atikokan. I do not want to pursue it. I do not even want the minister to reply at the moment, because he did write me about two weeks ago in a very informative way. However, I am serious about this, as he knows. I had some association with the treasury board and I am conscious of the desire to reduce administrative costs wherever it is possible. I believe the minister has been up in our territory and he knows that we have a very big area to cover, particularly in a winter such as the one we have gone through. The distance to be travelled can be from 150 miles to 300 miles for these individuals who have to deal with the unemployment insurance office. I think that is important. I feel that perhaps we are a little overstaffed at Fort William, and perhaps we could take one or two men from Kenora in order to serve Atikokan and Dryden. I am not asking for an increase in overhead, but I am asking for greater service to the individual who may be concerned.

Item agreed to.

Annuities Act—

571. Administration—further amount required, $58,000.

Mr. Caron: I do not want to take very long, but I have a question to ask of the minister. I have been informed that when the amount does not exceed $10 per month the person concerned can get his money back. I was told this in the committee. If the amount exceeds $10 per month a man has to wait until he is sixty-five to get it. I have met people who because of ill health were unable to continue in their employment and were unable to find work for which they were fit. They could not get their contributions, which were around $12 a month, returned. I am wondering if the law could not be changed so that people could get their money returned up to a higher amount, especially at this time when there is hardship in Canada. Sometimes they want to start a small restaurant or other commercial enterprise, buy a truck to earn their living, and the only money on which they could lay their hands would be the money which is in these annuities. Would it be possible for the minister to study the matter to see if the amount could not be increased to $20 or $25 a month, so that these fellows could get their money back and start some new enterprise with this money?

Item agreed to.

573. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act—further amount required, $1,489,434.

[Mr. Benidickson.]

Mr. Regier: I am sure this will only take a minute. Is the minister able to say whether or not he has considered opening more offices of the unemployment insurance commission in the urban areas or is his policy also one of centralization?

Mr. Starr: My policy is not one of centralization. Personally, I feel we should give as great a service as it is possible to give to those who need to use our offices. I am continually asking the commission to consider the establishment of offices, providing it is economical to establish them. In other words, there would have to be a sufficient number of people making use of that office. Most certainly we do not want an office in an isolated area where there is no business for it, so to speak. I believe that we should have as many offices as is necessary in order to give as good a service as we possibly can to the people of Canada.

Mr. Benidickson: I just ask the minister to look at the statistics, as I have done. I do not blame him, because I have had arguments with his predecessors about this very same problem. If he will look at the percentage of time spent by the staff of the Fort William office with reference to people from Atikokan, which is almost 100 miles away, I am sure he will feel that there could be some division of staff without any increase in public expenditure.

Item agreed to.

Progress reported.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: I take it that the business on Monday is as announced last night?

Mr. Green: There is one change in the order. We are inclined to take order No. 8 on today's order after item No. 7 on today's order paper.

Mr. Chevrier: In view of the change, would the minister mind outlining the program again for Monday?

Mr. Green: Well, the first three items will be those standing in the name of the Minister of Veterans Affairs; then, item No. 7, having to do with the national capital plan; item No. 8, having to do with the setting up of a national parole board; item No. 12, the resolution preceding an amendment to the Railway Act; item No. 14, emergency gold mining resolution; item No. 17, the resolution preceeding the bill in connection with maritime coal; then, the resolution standing in the name of the Minister of National

Revenue under government notices of motions which has to do with broadcasting; then, item No. 6, second reading of a bill to amend the Financial Administration Act; item No. 9, second reading of a bill to amend the Customs Tariff; item No. 5, second reading of a bill to amend the Income Tax Act.

Mr. Chevrier: Will we continue with that business on Tuesday?

Mr. Green: I am not sure of that. The house would have to be prepared to take any of those on Tuesday and also possibly the second reading of the act to amend the Customs Act and the act to amend the trust companies and loan companies acts, both of which have been referred to the standing committee on banking and commerce. We might also take on Tuesday the resolution which is No. 13 on today's order paper.

Mr. Chevrier: Can the minister give any indication as to when the Radio Act will come up.

Mr. Green: I have already listed the resolution which precedes the act having to do with broadcasting.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

57071-3—234½

Question

ANSWER TO QUESTION

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

NATIONAL HEALTH PROGRAM GRANTS, QUEBEC

Question No. 175—**Mr. Meunier:**

What grants were made to the hospitals of the province of Quebec under the national health program from 1948 to the 1st of June, 1957, for (a) construction; (b) hygiene, health services; (c) other hospital services?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

(a) $22,798,003; (b) and (c) $26,178,303.

[The following items were passed in committee of supply]:

DEPARTMENT OF LABOUR

A—Department—

General administration—

170. Departmental administration, including grants as detailed in the estimates and the expenses of the international labour conferences (also includes the former labour Gazette, women's bureau and manpower utilization votes), $1,067,166.

171. To provide for expenses of the economics and research branch, including research grants and related expenses, $663,198.

172. Annuities act—administration, $1,178,839.

173. Industrial relations activities, including the administration of the Industrial Relations and Disputes Investigation Act, the Canada Fair Employment Practices Act, the Female Employees Equal Pay Act, the Fair Wages and Hours of Labour Act, and regulations, and the promotion of labour-management co-operation, $593,133.

174. Civilian rehabilitation branch, including payments to the provinces to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the governor in council, $197,035.

Special services—

175. To provide for expenses of the special services branch including expenses for the promotion of a program for combatting seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the provinces under agreements entered into with the provinces by the Minister of Labour with the approval of the governor in council, and the movement, reception, supervision and welfare of workers from outside Canada to work on farms and other essential employment where Canadian labour is not available to meet the need, $602,618.

Vocational Training Co-ordination—

176. Administration, $109,040.

177. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years, including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $7,655,900—payments to the provinces, $7,355,900.

Government Employees Compensation—

178. Administration of the Government Employees Compensation Act, $98,413.

B—Unemployment Insurance Commission—

179. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act, $31,784,500.

180. To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the governor in council, $75,000.

A—Department—

General administration—

Annuities Act—

571. Administration—further amount required, $58,000.

572. To authorize the payment of interest, in the current and subsequent fiscal years, out of the government annuities account, at a rate determined from time to time by the governor in council, on premiums being refunded that were paid under a contract entered into with Her Majesty pursuant to subsection (3) of section 6 of the Government Annuities Act where such premiums are in excess of the amount required to purchase the maximum annuity payable under that act to an employee of the purchaser because the retirement of the employee has been postponed beyond his normal retirement date; the said interest to be payable for the period from the day on which the excess premiums were received by Her Majesty to the day on which the refund is made, $1.

B—Unemployment Insurance Commission—

573. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act—further amount required, $1,489,434.

HOUSE OF COMMONS

Monday, August 18, 1958

The house met at eleven o'clock.

ADMINISTRATION OF JUSTICE

COLLINS BAY PENITENTIARY—STATEMENT ON RIOT

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I should like to make a brief statement to the house on the riot which took place yesterday morning at Collins Bay penitentiary, where 441 inmates are held.

The disturbance started at 10.30 while the majority of the inmates were having their morning recreational period in the yard within the prison walls. There had been no advance warning either by rumour, as is usually the case in disturbances of this sort, or by any indication whatsoever. The breakout was sudden, and a number of the prisoners proceeded to set fire to buildings, smash windows, throw pop bottles, etc.

By 10.50 sufficient extra guards had been assembled so that an armed shock troop could be sent in equipped with rifles, tear gas, nauseating gas, and other appliances. Within ten minutes thereafter the riot was under control, and by 11.30 the inmates had been sufficiently secured so that the vehicles of the Kingston fire department and the township fire department could enter the gates and fight the fires. City, provincial and Royal Canadian Mounted Police also assisted in quelling the outbreak.

One hundred and thirteen inmates were actually segregated as those being involved in the riot. During the course of the riot two men were injured. A guard suffered scalp lacerations, presumably from flying glass or a flying pop bottle. One inmate suffered a leg wound which is a flesh wound only. He was wounded when a number of inmates attempted to storm the kitchen and, when ordered to stop, refused to do so. Approximately 12 shots were fired in the air as warning shots, but when the immates still refused to stop a low shot was fired and one inmate was wounded. This immediately stopped the attack on the kitchen and undoubtedly saved an enormous amount of property damage.

An estimate of the damage to the buildings based on information at present available is $52,500. This is exclusive of machinery, which could not be properly assessed until power was turned on and the machines of various types tested. The buildings damaged were two dormitories, the carpenter shop, paint shop, dissociation cells and minor damage to several other shops. An investigation is under way to ascertain, if possible, the cause of the disturbance and what, if any, further steps may be taken to prevent similar action in the future.

I would like to compliment very sincerely the staff at the penitentiary for their prompt action. Within half an hour after the riot had broken out the inmates were contained. The promptness of the action beyond a shadow of doubt saved many thousands of dollars of property damage and, as it was, for a riot of this size the property damage was small in comparison with other such occurrences. I would also like to acknowledge the prompt assistance rendered to the staff by members of the Royal Canadian Mounted Police, the Ontario provincial police, the Kingston police and the local fire-fighting forces, to whom we are extremely grateful.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—APPROVAL OF DOMINION-PROVINCIAL AGREEMENT

On the order: Government notices of motions:

The following proposed resolution:—Resolved, that it is expedient that the houses of parliament approve the agreement between the government of Canada and the government of Saskatchewan respecting the South Saskatchewan river project, signed on the 25th day of July, 1958, and that this house do approve the same.

Mr. Speaker: Pursuant to standing order 21(2) this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

MOTIONS FOR PAPERS

SHIPPING FEDERATION OF CANADA

Motion No. 32—**Mr. Fisher:**

For a copy of all correspondence since September 1, 1957, between the Minister of Transport and the shipping federation of Canada on pilotage and associated matters.

Motion agreed to.

Motions for Papers

DOMINION MARINE ASSOCIATION

Motion No. 33—**Mr. Fisher:**

For a copy of all correspondence since September 1, 1957, between the Minister of Transport and the dominion marine association, on pilotage and associated matters.

Motion agreed to.

GREAT LAKES PILOTAGE—CORRESPONDENCE WITH U.S.

Motion No. 34—**Mr. Fisher:**

For a copy of all communications between the government and United States authorities on the question of pilotage on the great lakes since January 1, 1958.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wonder whether the hon. gentleman would want to pursue this motion, in view of the fact that the only relevant communication is an aide memoire dated March 20 which was delivered by our embassy in Washington to the state department, and in which are expressed Canada's views on legislation before congress. A copy of this aide memoire was tabled by the Secretary of State for External Affairs (Mr. Smith) on June 24.

Mr. Fisher: I ask that the motion be dropped.

Mr. Speaker: Motion dropped.

Order discharged and motion withdrawn.

SALE OF CANADIAN NATIONAL STEAMSHIPS WEST INDIES FLEET

Motion No. 36—**Mr. McWilliam:**

For a copy of all correspondence relating to the sale of the Canadian National Steamships West Indies fleet, received by the Canadian National Steamships Company, Canadian National Railways or the Minister of Transport, along with a copy of all tenders received by the Canadian National Steamships Company for the purchase of this fleet.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the management of the Canadian National has always regarded as privileged correspondence between the company and those having business dealings with it. Parliament has always supported this position in the past and for this reason the government feels that the motion should not be passed.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, if I may, the other day when there was a discussion on this matter I understood from the minister that there would be no objection to tabling the correspondence that had taken place between the Toronto firm and others, as indicated in this motion.

Mr. Hees: Mr. Speaker, if I might clear up the misunderstanding which the hon. member obviously has about this, I should like to remind the house that when I was asked on Wednesday last by the hon. member for Laurier whether I would table the correspondence between Canadian National Steamships and those tendering for the West Indies fleet, I replied as follows, as reported at page 3452 of *Hansard*:

I do not know about the ethical procedure in this regard, whether all correspondence between a company such as the Canadian National and all those tendering should be made public. I will discuss the matter with Mr. Donald Gordon, and if they are willing and it is possible I shall be glad to do so.

I have spoken to the president of Canadian National Railways and he advises me that the correspondence between Canadian National Railways and those having business dealings with the company has always been regarded as privileged, and on no occasion has the railway been required to produce such correspondence. Mr. Gordon feels strongly that any other position would be most prejudicial to the business interests of the railway.

On various occasions the point has been discussed during the proceedings of the sessional committee on railways, air lines and shipping, and the position of the railway has always been supported. In the circumstances the government feels that the motion should not be passed, and I trust the mover will be disposed to ask that it be withdrawn.

Mr. Chevrier: May I add another word, Mr. Speaker, and it is this. In view of the statement which was allegedly made by the minister that he had had no correspondence with, or had no correspondence from, the Toronto firm, and the letter which later appeared in the Toronto and other papers indicating that there had been correspondence, I had thought it would surely move the minister to consent to the production of those documents.

Mr. Hees: Mr. Speaker, the letter I received was written by Mr. Rashkis on the letterhead of the Aurora Leasing Corporation, and when I was asked about this matter on the telephone as to whether or not I was familiar with the bid made by the Aura Shipping Company I said I was unfamiliar with any bid by any company of that name.

The house divided on the motion (Mr. McWilliam) which was negatived on the following division:

YEAS

Messrs:

Badanai	Dumas
Benidickson	Godin
Bourget	Habel
Caron	Hardie
Carter	Macnaughton
Chevrier	McIlraith

McMillan
McWilliam
Pearson
Pickersgill
Richard (Ottawa East)
Robichaud—18.

NAYS

Messrs:

Aitken, Miss
Allmark
Argue
Baskin
Bell (Carleton)
Bell (Saint John-Albert)
Bissonnette
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Campeau
Cardiff
Cathers
Charlton
Chown
Churchill
Clancy
Comtois
Courtemanche
Danforth
Diefenbaker
Dorion
Doucett
Drysdale
Fairclough, Mrs.
Fairfield
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Frechette
Fulton
Grafftey
Green
Grenier
Grills
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Herridge
Horner (The Battlefords)
Howard
Howe
Jones
Keays
Kennedy
Korchinski
Latour
Lennard
Lockyer
Macdonald (Kings)
MacEwan
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
MacRae
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Mandziuk
Martel
Martin (Timmins)
Martini
Monteith (Perth)
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nesbitt
Nielsen
Nowlan
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Peters
Phillips
Pigeon
Pugh
Rapp
Regier
Regnier
Ricard
Robinson
Rompre
Small
Smith (Lincoln)
Smith (Simcoe North)
Spencer
Stearns
Stewart
Tasse
Taylor
Thomas
Tremblay
Villeneuve
Walker
Webster
Winch
Yacula—116.

NATIONAL DEFENCE

VISITS TO NORTHERN DEFENCE INSTALLATIONS—REQUEST FOR TABLING OF AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister if he will be good enough, in accordance with the custom of the house, to table the agreement which he mentioned on Saturday morning, as reported at page 3652 of *Hansard*, in respect of arrangements concerning northern defence installations and the agreement reached, apparently, on July 23 between the governments of Canada and the United States.

Right Hon. J. G. Diefenbaker (Prime Minister): As far as an agreement, as such, is concerned, there is no agreement. What I said was that agreement had been arrived at with respect to agreed procedures as provided in the agreement on the distant early warning line and by the co-ordinating committee in that behalf.

Later on I said that the regulations now in effect and which came to their final determination on July 23 are such as to ensure that Canadian sovereignty is maintained, and that there is nothing which interferes in that direction. In other words, a series of discussions brought about the achievement of regulations, and I will be glad to table those regulations as they represent the consensus of the agreement arrived at between the two countries as the result of a series of discussions and consideration over a period of time.

Mr. Pearson: I wonder whether the Prime Minister when tabling these regulations would also include those made previously under the agreement which was signed between Canada and the United States on May 5, 1955, which has been tabled in this house and which does provide not only for the protection of Canadian sovereignty but for administrative regulations to be issued. What I am asking for is the tabling of all supplementary arrangements and administrative agreements made under this master governmental agreement.

Mr. Diefenbaker: The hon. gentleman has, of course, answered his own question. He has before him a document which has already been tabled. Then following negotiations, as I have stated, general regulations were issued on July 23 by the authorities. I will comply at an early date with the suggestion which has been made.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—INQUIRY AS TO CONCILIATION BOARD REPORT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour, or in his absence to the acting minister. Would the minister tell the house whether the 15 unions representing the non-operating employees of

the Canadian National Railways, or the company, have accepted or rejected the reports of the conciliation board which were made public on July 30?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I will take the question as notice and bring it to the attention of the minister.

FRUIT

NIAGARA PENINSULA—STATEMENT ON DISPOSAL OF SURPLUS CHERRIES

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, on Thursday last during my absence the hon. member for Welland asked the following question, as reported at page 3505 of *Hansard*:

> Today the Toronto *Globe and Mail* reports that the Niagara peninsula growers have 1,000 tons of surplus cherries as a result, according to the secretary of the marketing board, of a recent large volume of imports at low prices. Does the government intend to give any help to these fruit growers?

The answer is as follows. No formal request has been received for assistance for sour cherry producers in the province of Ontario, but the Ontario pear, plum and cherry growers' marketing board has an appointment with the stabilization board for Wednesday, August 20, and the cherry situation will presumably be discussed at this time.

I think perhaps I should add the following information with respect to the situation, having regard to the article from which the hon. member quoted. The Ontario sour cherry crop for 1958 is estimated at 16,900,000 pounds, or 8 per cent below the 1957 production of 18,300,000 pounds and below the five-year average (1953-1957) production of 18,700,000 pounds. Sour cherry production in the United States for 1958 is now estimated at about 40 per cent below the 1957 production.

The article referred to makes reference to increased volume of imports at low prices. During 1957, 3,728,628 pounds of sour cherries were imported from the United States at an average value of 14.4 cents per pound. To date imports during 1958 total 2,783,000 pounds, at an average value of 13.5 cents per pound.

RETURNED SOLDIERS' INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

The house in committee on Bill No. C-33, to amend the Returned Soldiers' Insurance Act—Mr. Brooks—Mr. Chown in the chair.

[Mr. Chevrier.]

On clause 1—*Where remainder of an annuity is $1,000 or less.*

Mr. Carter: Does the minister intend to speak?

Mr. Brooks: This is a bill to amend the Returned Soldiers' Insurance Act. The general principles contained in the measure were discussed in the house when the resolution was before it some time ago, and on second reading the bill was referred to the parliamentary committee on veterans affairs. It was very thoroughly considered in that committee and was unanimously endorsed. It has now been returned to the committee of the whole for consideration, and if there is any information desired by any hon. member on the different sections I shall be very pleased to give it when we come to those clauses.

Mr. Carter: Mr. Chairman, we have already given our support to this bill at the resolution stage, and we support it again now in committee. As the minister has pointed out, the bill has been before the committee on veterans affairs and has been very thoroughly discussed. There are, however, a few brief observations which might be made at this time.

The original act, which was passed in 1920, was designed to give insurance coverage to veterans of the first world war and to the widows of those who had been killed in action or who had died of wounds. It was a cheap form of insurance requiring very low medical standards, and it was non-participating; it did not pay any dividends and, of course, it was not negotiable. It was merely intended as protection, not for the veterans but for the veterans' families and dependents.

I wish to bring to the attention of hon. gentlemen some interesting facts brought to light in the committee. The first was that veterans were very slow in taking advantage of this insurance. That is understandable, because at the time they were occupied with getting established and were faced with more pressing problems. In many cases they were saddled with debts and could not afford the premium, but they did become aware of the insurance and took advantage of it when they began building homes and raising families.

The committee was informed that 48,319 of these policies were issued with a value of $109,299,500, and at June 30 of this year 10,570 policies were still in force with a value of $22,362,060. Approximately 12,000 of these policies had been terminated by death, 16,000 had been surrendered, and the balance had lapsed or been converted to different forms of policies.

I think the most interesting fact that came before the committee is that after 40 years the fund is still solvent with a balance of $17 million, and while the government has made contributions from time to time this has been more or less in lieu of interest which has not been charged on the money because this has not been handled in the same way as it would be handled by an ordinary commercial company. Looking into the future we can see that at no time will this insurance be expected to cost the government more than $5 million, since no new policies have been issued since August of 1933.

The changes in this bill are very simple, because they have to do with the payment of claims. The first change merely extends the discretion of the minister to determine the form of payments and the remainder of annuities when they are $1,000 or less; at the present time this discretion extends only to $500.

The other change has to do with substituting the word "contingent" for the word "alternative" as it applies to beneficiaries within the meaning of section 5. Apparently beneficiaries under this legislation were divided into two classes. The original group protected by this insurance were members of the veteran's immediate family, his spouse and children. It sometimes happened that there was no spouse or children living who could benefit; therefore the legislation made provision for a second group of beneficiaries such as parents, brothers and sisters and other relatives who formerly had been described as alternative beneficiaries. Under the amendment the term has now been changed to "contingent". Needless to say we are in favour of these changes and wholeheartedly support this bill.

Mr. Herridge: Mr. Chairman, on behalf of this group I want to say a few words in support of this bill, and at the same time to reprove the inaccurate approach of the editor of the *Globe and Mail* to this little group over here. If he carries on in this fashion I shall be forced to term his paper the "Job and Wail". We are glad to see that the minister has introduced this bill, in that it meets the wishes of the veterans organizations in this country. I want to quote from the brief of the Canadian Legion presented to the standing committee on veterans affairs, and of course the minister will understand that I am laying the foundation now for discussion on a later bill that will come before the house. In its brief dated July 17, 1958 the Canadian Legion said:

> We are in complete agreement with this bill and wish especially to commend the government for the introduction of clause 3. The amendment is one that the legion has been pressing for over a long period and we believe that the repeal of section 10 of the act will remedy a situation that has been both unjust and unfair, resulting in many pensioners' families being without the protection that the pensioner thought he was providing.

I give the government credit for introducing these amendments at this time. The passage of this measure will not be very much of a drain on the public exchequer and will affect only a relatively few people, but it has removed from the point of view of the Legion and hon. members of this house a certain minor injustice that has existed throughout the years. On that account this group gives wholehearted support to this measure.

Clause agreed to.

Bill reported, read the third time and passed.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAID TO BENEFICIARY AS ANNUITY, REMOVE RESTRICTIONS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

> That it is expedient, in the proposed measure to amend the Veterans Insurance Act, Bill C-34, now before the house, that clause 1 be deleted and that the following be substituted therefor:
>
> 1. (1) Paragraphs (a) and (b) of subsection (1) of section 3 of the Veterans Insurance Act are repealed and the following substituted therefor:
>
> "(a) with a veteran, at any time on or before the 30th day of September, 1962; or
>
> (b) with any of the following persons, at any time on or before the 30th day of September, 1962,
>
> (i) the widow or widower of a veteran, if the minister has not entered into a contract of insurance with the veteran,
>
> (ii) the widow or widower of a person who died on service during the war,
>
> (iii) a member of the regular forces who has not been released from such forces and who was engaged in service during the war,
>
> (iv) a merchant seaman who received or was eligible to receive a bonus pursuant to The Merchant Seamen Special Bonus Order, or a seaman who received or was eligible to receive a War Service Bonus pursuant to The Merchant Seamen War Service Bonus Order, 1944,
>
> and
>
> (v) any other person who is, under the Pension Act, in receipt of a disability pension relating to the war."

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

Mr. Brooks: Mr. Chairman, the first paragraph of this resolution incorporates amendments to clause 1 of the bill that is now before the house to amend the Veterans Insurance Act, and contains other recommendations which were made at the time the bill was introduced. I might say that it was on the recommendation of the committee that the

ideas expressed in the resolution were incorporated in the bill. It simply extends the cut-off date for veterans' insurance for world war II veterans to September of 1962. This has had the unanimous approval of the standing committee on veterans' affairs and the approval of the government. I commend its acceptance to this committee.

Mr. Carter: Mr. Chairman, we of course support this resolution and particularly want to commend the minister and the government on the changes which have been brought about by substituting a new clause 1 in accordance with the wishes expressed both in the house and in the standing committee on veterans affairs.

Bill C-34, of course, is a counterpart of Bill C-33, which we have just passed, and was designed to extend to veterans of world war II the same type of insurance coverage that was extended to veterans of world war I. In fact it went a little further than Bill C-33, because it provided coverage not only for the veterans and for the widows of those who were killed in action or died of wounds, but it included other categories such as merchant seamen, fire-fighters, nursing services and other groups. This legislation became effective on February 20, 1945, and the first policy was issued in April of 1945. Later this same coverage was extended to veterans of the Korean war.

In the committee it was brought to light that up to June 30, 42,508 of those policies had been issued with a contract value of $133,870,000. Of those, 25,523 were still in force on June 20. The maximum coverage under this act is $10,000 as compared with $5,000 under the Returned Soldiers' Insurance Act, and the average policy issued was $3,000 as compared with $2,000 for veterans of world war II. One of the changes in this legislation parallels the change we made in Bill C-33 just passed, in that it expresses the discretion of the minister on how payments should be made on annuities when the remainder is $1,000 or less.

But unlike Bill C-33 this bill has to do with other changes connected with the issuance of policies and, as the minister has described, the most important of these is the cut-off date with respect to eligibility. Originally eligibility ceased three years after discharge. It was later extended to six years and then to 10 years after discharge; but in 1950 the Department of National Defence amended the National Defence Act by placing on active service not only those who served in the Korean war but the regular forces as well, and this created a problem in that members of the regular forces would, under the legislation as it now stands, be eligible for 10 years after discharge, which would make them eligible to around the age of 60 or 65 when they would, of course, constitute a very great drain on the fund in relation to premiums received and much beyond what the original legislation was intended to cover. This was discussed both in the house and at considerable length in the committee, and a brief was also heard from the Canadian Legion suggesting certain amendments.

I think everybody is in complete agreement that the cut-off date of September, 1962, would be satisfactory, and that it perhaps might tend to hurry up the members of the regular forces who might wish to take advantage of this legislation because experience with this, as with the former returned soldiers' insurance, proves that veterans are inclined to be slow in taking advantage of it and probably for the very same reason. Furthermore, it was felt that people who returned to civilian life should have the same treatment as those who elected to remain in the forces, because actually the people who returned to civilian life would have a much more difficult time getting established and would perhaps have greater difficulty in being able to take advantage of this legislation.

Therefore we are particularly happy to see the changes which have been incorporated in the new clause 1, which extends this legislation to all veterans and, as I understand it, makes all veterans eligible who would formerly have been eligible, up to September 20, 1963.

The other change brought about by this bill will delete section 10, which makes the policy under this legislation much more favourable than under the Returned Soldiers' Insurance Act. Formerly, with section 10, the payment was reduced if the widow of the pensioner happened to be awarded a pension and that, of course, limited the protection afforded by the policy. With section 10 deleted now this will give full coverage up to the face value of the policy.

We are entirely in support of this legislation and taken all together it constitutes what members of parliament and the government have very much in mind, namely the matters which would be of the deepest concern to members of our armed services on their return to civilian life. This was instituted when the original insurance act was passed in 1920, and the tradition is still being maintained, regardless of party, regardless of government, and I am sure that must be a great assurance to all veterans of Canada.

Mr. Herridge: Mr. Chairman, without apologies to the editor of the *Globe and Mail* I

rise for a second time this morning, and I trust he will not consider that my brief remarks on this most important piece of legislation which is to the advantage of the veterans of Canada are repetitious, unnecessary or inconsequential.

We in this group are very pleased indeed that the minister and the government have seen fit to accept the recommendations of the parliamentary committee on veterans affairs with respect to further amendments to the Veterans Insurance Act. The committee heard representations from the senior officers of the Canadian Legion. After hearing those representations, which I think all members will agree were given with good effect and to advantage before the committee, we had a very thorough and most informative discussion on this whole question. We also received further valuable information from the departmental officials as to the administration of this act. On hearing representations from the Legion and information from the departmental officials the committee, after considerable discussion, made certain recommendations in its report to the house.

Once again I say we are very pleased to see that the government has seen fit to accept those recommendations, which do bring about a considerable improvement to this act. I think these amendments have come at a most appropriate time. As was mentioned here recently, experience with this act somewhat repeats the experience with the Returned Soldiers' Insurance Act. As the years go by and the date of end of the war recedes, an increasing number of veterans with families growing up have become conscious of the value of this legislation to them. Therefore on that account I think it is most appropriate that the bill has been introduced and a larger number of veterans have been given the advantages that can be obtained under this legislation.

Finally, I would urge all veterans who served in the second world war to give consideration to the value of this legislation and the protection it provides, and on that account to make certain that they all know the details. I suggest to the minister that through some simply drawn pamphlet, memorandum or something of that sort, every effort should be made to inform all branches of the Legion very fully concerning these amendments and when they are to be given effect.

Mr. Brooks: That is under consideration.

Resolution reported and concurred in, and referred to the committee of the whole on Bill No. C-34, to amend the Veterans Insurance Act.

Veterans Insurance Act

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. C-34, to amend the Veterans Insurance Act.

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

On clause 1—*Repeal.*

Mr. Herridge: Mr. Chairman, I hesitated thinking the hon. member for Bonavista-Twillingate or someone else was going to get up. However, once again I rise without any apology to the *Globe and Mail* to discuss this legislation for a few moments, as it is of great importance to the veterans of the country. This amendment to the educational assistance act—

Mr. Brooks: I think there is some misunderstanding. The hon. member for Burin-Burgeo discussed the bill having to do with the Veterans Insurance Act when the resolution was under consideration. We have not yet passed the Veterans Insurance Act. I might say that the hon. member for Kootenay West also discussed the Veterans Insurance Act very thoroughly. Therefore I presume they do not intend to discuss it further, and that we can go right along with the clauses of the bill.

Mr. Herridge: Excuse me, Mr. Chairman. I misheard the order number, and I wondered why we were switching. That is my error. It is very seldom that I am in error.

Mr. Benidickson: Am I right in thinking that except for the resolution we have just discussed, the right to purchase veterans insurance for most veterans of world war II who took their discharge shortly after the cessation of hostilities would have expired in 1954 or 1955, and that the resolution renews their right to purchase such insurance until 1962?

Mr. Brooks: That is the intention.

Mr. Benidickson: What advertising is the minister proposing to do to let veterans know about this?

Mr. Brooks: We advertise, of course in *The Legionary* and other periodicals of the different veterans organizations. We also send out notices to Legion branches and so on. I will guarantee that it will be well advertised.

Clause 1 as amended agreed to.

Clauses 2 to 4 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Brooks moved the third reading of the bill.

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

CHILDREN OF WAR DEAD ACT

AMENDMENT TO INCREASE ALLOWANCE AND EXTEND BENEFITS

Hon. A. J. Brooks (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. C-45, to amend the Children of War Dead (Education Assistance) Act.

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

On clause 1—

Mr. Brooks: Mr. Chairman, the same statement I made regarding the other bills applies to this bill. When the resolution was before the house it was discussed and the different principles were explained. After second reading the bill was referred to the veterans affairs committee. A very thorough study was made of the bill by that committee, and it has now been returned to the house with the committee's recommendation that the bill pass as we now have it before us. If there are any further questions I will be very pleased to answer them when the different clauses are called.

Mr. Carter: Mr. Chairman, as in the two previous cases, we support this bill wholeheartedly, particularly as it is designed to increase the coverage by including children who were inadvertently omitted through a technicality in the wording of the original act, and also because it increases the amount of the payments. When the bill was discussed in the committee we learned that 1,125 children are benefiting from the legislation, and that the cost as of June 30 last was $885,939.

The committee received a brief from the Canadian Legion suggesting that the legislation should be extended to cover the children of other classes of veterans, particularly those who have died from causes other than their disability, and also even to disabled veterans. It was felt that the legislation was not serving as good a purpose as it might by restricting the benefits only to the children of veterans who have died of causes resulting from their war service.

The committee discussed the matter and the members felt there was possibly a change in principle involved which deserved further study before any recommendation could be made. We hope that study will be carried on by the minister's department as well as by veterans organizations and other interested parties. I think most of us in this house believe there is a great deal of merit in the suggestion put forward by the Canadian Legion, particularly in so far as disabled veterans are concerned who, because of their handicaps, have not been able to provide as good an education for their children as they might otherwise have been able to do.

We consider this a fairly strong argument, and we do hope this matter will be thoroughly studied. Perhaps at some future date it might be possible to extend the coverage to the children of other classes of veterans.

Mr. Herridge: Once again without any apologies to the *Globe and Mail* for repetition, Mr. Chairman, we in this group support the amendments proposed in this bill. We are glad the government has agreed to introduce these amendments. Possibly there was a lengthier discussion in connection with this bill than in connection with the other two bills in the veterans affairs committee. The representatives of the Legion presented a very complete brief. They had a particular interest in this bill, because I understand it was the Legion who originally proposed this measure. They said on that account they took a keener interest in the operation of the act since it was enacted in 1953. They were particularly glad, therefore, of the opportunity to express their views before the committee and make further recommendations.

After hearing the recommendations of the Canadian Legion, which I thought were very well put indeed with respect to the further amendments they thought were necessary to make this act as effective as it should be, the majority of the members of the committee came to the conclusion that further study was required. I quite willingly admit that these recommendations do introduce certain new features into this legislation, and I quite well understand that members of the committee might honestly come to the opinion that further study is required by the committee, by the Legion and by the government itself.

Personally I gave strong support to the proposals of the Legion, and members of the committee were very sympathetic to those proposals on the whole but were hesitant, generally speaking, about accepting the recommendations without further study. I can well understand that, because while we had an excellent committee a large number of the members had not had prior experience with this legislation, so I can well understand their hesitancy at embarking on something which they did not fully understand. I think

that was the basis of their decision to recommend further study of the suggestions for further amendments put forward by the Canadian Legion.

However, before concluding I do want to say that we were all impressed by the amount of good that is done through this legislation with a relatively small expenditure. I am sure all members of the committee, and all members of this house, recognize the fact that we certainly have a very definite responsibility to the children of those men who gave their lives in the defence of this country. Once again before I sit down, I say that when this or any other government of this country can afford to spend millions of dollars in some cases—I am not objecting to it—to assist in the education or care of people who were on the other side in the second world war and who have since come to Canada because they learned it was a land of opportunity and freedom, we can certainly afford this relatively small sum of money that is required to give effect to the recommendations of the Canadian Legion with respect to this act.

I do hope that as a result of further study of the representations of the Canadian Legion by the government, by members of the committee and by interested people across Canada, next session we will see the minister introducing some further amendments to this act. The amount of good that is done, I think, is remarkable. Therefore particularly in view of that fact we should be beginning to lay the base for wider opportunities for more young Canadians to get a higher education. What better way could money be spent for laying the foundation for wider educational opportunities in Canada for young Canadians than in this type of legislation? I am certain that as the result of an understanding of the results that flow from this legislation, in the near future the government will see fit to extend some similar type of legislation to a wider group of young Canadians.

Clause agreed to.

Clauses 2 to 4, inclusive, agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL CAPITAL COMMISSION

CONSTITUTION OF COMMISSION—REPEAL OF PRESENT LEGISLATION

Right Hon. J. G. Diefenbaker (Prime Minister) moved the second reading of Bill No. C-48, respecting the development and improvement of the national capital region.

He said: Mr. Speaker, I have little to add to that which I expressed on the occasion of the introduction of the resolution, except to say that as a result of the suggestions made by hon. members in all parts of the house there was an obvious dedication of the members of this house supporting a capital city worthy of Canada's destiny and of the nation as a whole.

On this occasion, of course, in moving second reading I shall not make any reference to the sections of the bill, except to say that when the original bill was introduced by Right Hon. Mr. St. Laurent he simply placed it before the house with a view to having it considered, and also having changes made therein which would be in keeping with the general purposes of the bill and which might be beneficial to those purposes.

As far as the discussion that has taken place is concerned, there was general agreement on the need for improvement of the federal district act, and also a general desire on the part of members to assure that the necessary expenditure will be made in the years ahead to achieve the greatness of a city beautiful. Some mention was made of the plan respecting the city of Washington as an example in that direction. As well, of course, there is the example within the commonwealth of the capital city of Australia, the city of Canberra, where after the area had been determined as the capital of the commonwealth of Australia there have been achieved a planning and a purpose that command the respect of people who visit that great city.

To achieve what we have in mind, of course, will require not only the planning of the commission but the co-operation of the citizens of Ottawa and Hull and the adjoining municipalities, and as well the consideration of the governments of the provinces of Ontario and Quebec.

I think there is no more for me to say on this occasion except that I believe that out of this bill will come a further expansion and development of the concept of a capital city that was dreamed of by successive prime ministers of this country, one of whom, namely Right Hon. Mackenzie King, gave to the planning a sense of national purpose and dedication which this bill will carry on. All the prime ministers from Sir Wilfrid Laurier down looked forward in prospect to a capital city that would be in keeping with Canada's people, with the contribution of the two major races. All have made their contribution to that end. My hope is that in the years ahead we shall be able to continue the work already under way in making those changes which changing years make necessary while maintaining the general objective that is dear to all of us.

When I look forward a matter of nine years to the one-hundredth celebration of Canada's

confederation, my hope is that in those intervening years there will be an advance in planning and in the architectural beauty of the city in particular, and that the areas surrounding the city of Ottawa and the city of Hull will see such vast changes that in that year of the centenary celebration we shall have achieved in the main the major objectives and shall have laid the final foundations for this capital city.

Any questions that may arise I shall endeavour to answer, in particular those asked by the hon. member for Ottawa West (Mr. McIlraith), when we are in committee. In the meantime I shall rest by saying that I ask for the support of hon. members in all parts of the house with respect to this resolution, which I believe is a major step forward and a milestone toward the achievement of that objective which is the aim and purpose of us all.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I do not propose to delay the second reading of this bill because our views on the matter were expressed on the resolution—that is, our views on the general question—and at that time I mentioned that the resolution introduced by this government was exactly the same as the resolution introduced by the previous government sometime ago. The bill before us now is based on that resolution. We naturally support the purposes of this bill and the ideas and the ideals that have inspired it.

As has been pointed out by the Prime Minister, there is no disagreement in this place with regard to the objective of this bill, namely that our national capital should be one in which all Canadians can take pride. That requires planning. This bill is designed to make that planning more effective than perhaps it had been in earlier days, when I suppose the necessity for planning to make this city a worthy national capital was not as obvious as it has been in recent years.

The Prime Minister mentioned Canberra, the capital of a sister nation in the commonwealth, and what has been done there in the way of planning. Of course the problem there was very different, and perhaps much easier to solve from the point of view of planning, because Canberra was a capital carved out of unoccupied territory and made into a federal district for the purpose of developing a federal capital. That fact must have made it easier for those who were charged with the responsibility of planning that capital, although I know it has also caused some discontent in some quarters of Australia because the capital was divorced to a great extent, by the nature of its location, its development and its planning, from the life of the nation.

It seems to me that Ottawa is particularly fortunate in this regard. It is the national capital, but it is also a Canadian city taking part in the life of Canada, not merely in the life of the government of Canada. We are fortunate in that respect and fortunate also, as so many hon. members have said, in the beauty of its location, which provides the planners with something on which to work; beauty unsurpassed by any capital in the world. This planning which is required and which will be facilitated by this act is one thing, but if it is to be successful, government buildings in the national capital must be worthy of the plan. This means that even the most functional government buildings will have to reflect those aesthetic qualities which the Prime Minister so rightly mentioned as being desirable in the development of a national capital. This applies to government buildings on both sides of the provincial boundary. It would certainly be unfortunate if we concentrated on building good and beautiful government buildings on one side only and ignored, to some extent at least, the same requirements on the other side of the provincial boundary in Quebec.

There is a great deal that needs to be done before this city can be made into a worthy capital, and we are all conscious of projects that need to be carried out. There are many corrections to be made which could have been made so much more easily if the work of planning had been begun 25, 30 or 40 years ago. However, this bill is now before us. It is one with which I think we can all agree. It means that we are approaching another stage in the development of a national city which will be worthy of our great country.

It is well when we consider these matters and talk about planning to look a long distance ahead and not be too much influenced by short-range considerations. We have suffered from that in the past in this country and in this capital. The Prime Minister will recall, as a student of history, that when the east block and west block were originally constructed some of the public men of that time deplored the extravagance, and I remember one famous Canadian saying that the day would never arrive when we would have enough government business in this country to necessitate the occupation of those two monstrous palaces, the east block and the west block.

That was not so long ago, less than 100 years. So it is well to remember that when we plan for the future we should plan for the day after tomorrow, not for tomorrow. As we do that I think we will be able to look back on this bill, as I have said, as another stage of this plan to make Ottawa the kind of capital that Canadians would like to see.

Mr. Erhart Regier (Burnaby-Coquitlam): I wish to assure the Prime Minister from the outset that we welcome this bill most heartily. We see it as an attempt to strengthen the hands of those who are devoting their interest to the development of a truly national capital of which all Canadians can be proud.

We have looked over the bill, and in the main we feel that the provisions of this measure will do exactly what they are intended to do, namely strengthen the hands of those who will be charged with this responsibility. I notice that toward its end this bill repeals a previous act, and I hope the Prime Minister can assure the house that after the passage of the bill now before us there will not be any undue delay before making the declaration that is necessary, because sometimes, with the demise of one corporation there is a considerable lapse of time before the new corporation begins its activities.

The need for national development is so urgent that I hope the present act will not remain in existence very long, but that all haste will be undertaken to proceed at once with the new arrangements. Those presently responsible will naturally hesitate to undertake many necessary measures if they do not know exactly how long they are going to be in charge of their responsibilities. For this reason I hope the proclamation will not be long delayed.

I should like the Prime Minister when he replies to indicate the reason for the omission of section 20, as it was in the old act, calling for an annual report to parliament. I notice nothing in the new bill which calls for an annual report. I know full well that parliament will have an opportunity to discuss the work of the new national capital commission whenever it is asked to vote funds. However, there may well be a period of a year, or possibly of several years, when no additional moneys are being asked for and in that case there might be no convenient way of parliament taking under advisement the activities of the commission for a particular year. I feel there should be something in the bill which would enable parliament to discuss each year what has taken place.

In the main, though we support the principle of the bill, we wish the measure had gone a little further in some respects. I will possibly have a little more to say on that when we come to discuss the various clauses. There seems to be spelled out rather severe limitations on the actions which the commission may undertake; the limitations on real estate dealings are somewhat severe. Very far-reaching authority is exercised by the governor in council, in some ways possibly greater authority than obtained under the old act. I hope this is a safety measure only, and that the cabinet has no intention of regarding itself as, in effect, the new national capital commission. As I say, I notice that very little which is of major consequence can be done without the approval of the governor in council.

I regret that the commission is not being given a little more authority to aid the municipal corporations. These municipalities within the federal district, especially as now defined, have heavy responsibilities. If, as the Prime Minister indicated, nine years hence on our one hundredth anniversary as a nation we are to have in the federal district cities of which we can be truly proud, a terrific responsibility is imposed on our municipalities, and I am not sure that the act as it now stands will enable the commission to give the financial assistance which a city such as Hull, for instance, would need if it is to make the progress which I am sure it would like to make within the period of the next nine years. I should like to have seen a little more authority given to the commission to aid the city councils financially in order that they might make their cities into the type of cities we would all like to see.

I also hope the Department of Public Works will work in very close co-operation with the new commission, and that when the department undertakes any project within the federal district it will take into consideration whatever representations the national capital commission will have to make. I refer particularly to the type of buildings and the location of buildings undertaken by the department. I hope the Department of Public Works will not operate as an autonomous and independent organ in putting up buildings in the new federal district.

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to say just a few words on this matter. Everyone seems to be satisfied with the changes referred to in the house today, because the old act was really no longer sufficient to meet the needs of the national capital in the development of the general appearance of the region. Recently many hon. members and possibly the Prime Minister as well have received communications from two bodies on the Quebec side of the national capital.

One of those concerned recommendations about the name of the governing body. In the old days people were not happy about the word "district" appearing in the name, because it created the impression that it was the intention to make of this area a district similar to the district of Columbia in the United States, which has proved an unsatisfactory arrangement from the point of

view of those living there because that commission decides on the development which is needed and the expense and then undertakes it. The United States government pays a certain part of the cost and the balance is said by the local population through the imposition of taxes. The people there are attempting to persuade the United States government to change the present arrangement that obtains in the district of Columbia.

I know it was never the intention of the government to have obtain here the situation that obtains in the United States capital, but I also know that a minority of Canadians feared that result because they did not understand the intention of the government, and of course we cannot prevent people from being afraid.

The official name of the measure before us is the national capital act, so there is no connotation of a region or a metropolitan section. It looks to the people outside the city of Ottawa and to others as though the act refers just to the city of Ottawa itself. I know this is not the intention of the government and never has been its intention, but because of the representations recently made to the Prime Minister and to some if not all hon. members I know some associations would be more at ease if the name could be changed by adding the word "region" or "metropolitan".

This would tend to lengthen the name, but it is fashionable today to refer to organizations by their initials instead of their full name, and this would not represent too great a change. It would serve to give the people living outside the limits of the city of Ottawa a feeling that they are really included in the national capital development plan, and that all improvements made under the plan would serve to benefit them as well as the residents of the city of Ottawa.

I am pleased that under the present bill the moneys to be spent by the commission will be voted by the house. With the limited amount the commission had to spend in the past it was restricted to a certain amount of work, and we could expect it would have taken a very long time, perhaps even a hundred years, to complete the plan which was prepared under the supervision of Mr. Greber. The moneys will now be voted by parliament, and a good start has been made.

The government has voted $20 million for the green belt around the city of Ottawa; and because buildings and bridges come under the purview of the national capital commission I wish to take advantage of that situation to ask the government when voting money under the new act to include a sum for a new bridge to replace the present atrocity between Ottawa and Hull known as the Alexandra bridge. If we delay until agreement is reached among the federal government and the two provincial governments it will be a long time before the bridge is replaced.

Mr. Speaker: I trust the hon. member does not intend to pursue that matter, because it is not strictly on the principle of the bill.

Mr. Caron: No, Mr. Speaker, I simply wanted to refer to the improvement in the appearance of the area the replacement of this bridge would achieve. I hope the government will see that money is voted to enable the commission to correct this situation.

A matter of concern to residents of the city of Hull that has been discussed at length in the past is any attempt that might be made to do away with the E. B. Eddy Company. Some people seem to think that a factory of that kind is an eyesore. The company has considerably improved the surroundings of the mills, and it is really not unattractive. It serves to show visitors to Canada that industry can exist in close proximity to the national capital without detracting from the beauty of the locale and it is an example to visitors of one of our most important industries.

Not long ago I was speaking to the wife of the ambassador of France to Canada. She told me that she considered the plant a beauty spot because it demonstrated the possibilities and potentialities of our country, and I share that view. I hope the new commission will make no attempt to remove from the city of Hull its main industry. We are all in favour of aesthetics, beautiful parks and scenic roadways, but we should also be in favour of industry which continues to help people earning a livelihood.

As the E. B. Eddy Company is the most important industry in the city of Hull we want it to remain where it is. We can continue to effect changes and improvements in the surroundings such as have been taking place in the last ten years. I have from Mr. Weston the promise that he will continue to make the surroundings more attractive to those visiting the city. I express the earnest hope that the commission will be requested by the government to make no attempt to remove this company from the city of Hull.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, before the Prime Minister speaks in closing this debate I should like to raise one matter very briefly, and that is the omission of any requirement in the bill for an annual report to parliament by the corporation. I should like to ask him, since we have almost reached the luncheon adjournment, if

he would examine this question and, unless there is some very good reason for the omission from the bill of such a provision, to consider the matter with a view to having such a clause added to the bill so we could have it for consideration in committee this afternoon.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker—

Mr. Speaker: I must inform the house that if the Prime Minister speaks now he will close the debate.

Mr. Diefenbaker: I have just a very few words. I thank hon. members for their contributions. I do not intend to deal with the several matters raised by them at this time, except the question raised by one hon. member to the effect that government buildings in this city should be in keeping with the national capital plan. I am informed by the Minister of Public Works that all government buildings receive the approval of the federal district commission as to architecture and the like, and also the extent to which the buildings will fit in with the planning of the federal district commission.

When my hon. friend the Leader of the Opposition referred to the beauty of Ottawa I could not refrain from mentioning how often I go over to Hull and when there look across to the city of Ottawa, for there is no more noble or inspiring silhouette anywhere in the world than the parliament buildings and the buildings associated with government administration as seen from that city.

Two hon. members mentioned the question of an annual report and asked why this had been omitted from the present bill. The reason is that under this bill the commission is an incorporation under the Financial Administration Act, and under section 85 of that act an annual statement is required to be made to parliament. Therefore any fears that any member may have that an annual statement will not be placed before parliament are entirely met by the provisions of the act to which I have made reference.

As to the other questions that have been raised may I say this. All of them are worthy of consideration and all of them will receive the attention of the new commission, but I do offer a word of advice. It would be somewhat out of keeping with the responsibilities that rest upon that commission if the government endeavoured to dictate to it in any way as to the manner in which, within the ambit of its powers, it will carry out those responsibilities under the act.

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

On clause 1—*Short title.*

The Chairman: Shall clause 1 carry?

Mr. McIlraith: No, Mr. Chairman.

Mr. Diefenbaker: Mr. Chairman, the other day the hon. member for Ottawa West asked a number of questions, and I shall deal with those questions in the order in which they were asked. Some reference was made to the financing of the new commission, and at page 3363 of *Hansard* the hon. member asked the following question:

> Will the Prime Minister say something at this stage about the method of providing the financing; that is, the necessity for funds which will be in the nature of capital and which will not lapse at the end of a financial year and the provision of the operating funds for the annual maintenance work.

Section 16 of the new act provides for the new financial arrangements. Operating expenses of the commission, including maintenance of parks and parkways and of grounds of government buildings, will be financed by an annual vote of parliament.

Capital expenditures will be financed by payment into the national capital fund each year of amounts appropriated by parliament. The fund will provide for construction and other projects undertaken by the commission and also for the commission's share of approved projects which may be undertaken in conjunction with municipalities and other public authorities. Expenditures for lands not immediately required for projects will be financed by loans. Amounts credited to the national capital fund each year will not lapse but will be carried over from year to year.

The hon. member's next question was:

> Then I should like to ask him about the commission itself. He will notice that when the previous bill was introduced by the former prime minister, Mr. St. Laurent, in 1957, a good deal was said about the operations of the commission itself; that is, how it was proposed to be set up. I wonder whether the Prime Minister would feel free to tell the committee just what he envisages in that respect?

My answer to that question in general is that the composition of the commission and of its committees is dealt with in clause 3 of the bill. Then there was a question regarding Ottawa river pollution, as follows:

> If the Prime Minister is in a position today to tell us—I do not know whether he is or not—I would ask him to tell us what he can about the participation of the federal government in that scheme.

The answer is the mayor of Ottawa is asking, through the federal district commission, for financial assistance from the government. That matter is under consideration. As the hon. member knows, the report of the joint committee of the Senate and the House of

Commons in 1956 drew attention to the need for cleaning up the Ottawa river, and indicated that the problem is essentially one for the two provinces and the municipalities concerned, but further suggested that because of the national capital interest the federal government should give a measure of assistance.

Pollution is caused by a number of Ottawa sewers which empty directly into the river, and to a lesser extent by sewers of Quebec municipalities. The Ontario water resources commission has recently directed the city of Ottawa to take steps to construct a disposal plant to handle sewage from Ottawa, Rockcliffe and Eastview. Following this, the city engaged two firms of consultants to design a disposal plant and also an intercepting sewer system. These reports were received in June, 1958.

The recommended plan is the same in principle as that contained in the Gore and Storrie report of 1949. It includes a disposal plant at the mouth of Green's creek, several miles east of the city, and an interceptor sewer 7¼ miles long extending west from the plant to a point near the Chaudiere falls. The cost of this interceptor, which will connect the various existing sewers which now discharge into the Ottawa river, is estimated at $11,800,000.

The hon. member went on to say:

> When this work was carried on by the Ottawa improvement commission, at one stage it was thought that the south boundary of the city was in what is now the centre town section and the driveway system, which we are all proud of now, extended along what is now Clemow avenue and Monkland—

—and so on.

My answer to the hon. gentleman's rather lengthy remarks, which appear at page 3364 of *Hansard*, is that if something can be carried out along the lines indicated as between the commission and the city with regard to Clemow avenue and Monkland avenue the government will be glad to make the necessary, suitable approaches to the province in that connection.

Then the hon. gentleman referred to parking meters on Wellington street. Wellington street, of course, as the hon. gentleman knows, is a city street and the installation of parking meters is a matter for the city. I would suggest that he direct any views he has in that regard to the city authorities.

The hon. member also asked what main projects were in mind that would require a substantial expenditure of money in the immediate future. The main projects which the commission has undertaken in recent years and which are still being continued are the railway relocation scheme, shared projects with municipalities, for example the Queensway, park and parkway development and the green belt. The details of proposed expenditures on capital projects in 1958-59 will be found in the commission's capital budget as tabled in the house. The long-term forecast of possible expenditures over a period of years on various projects is contained in the brief submitted by the federal district commission to the parliamentary committee in 1956 and is printed in the proceedings of that committee.

The final questions of the hon. member were based on these statements by him as found at pages 3364 and 3365 of *Hansard* of August 11:

> In 1947 expropriation proceedings were started with regard to properties along the Ottawa river with a view to completing the driveway system along the river in a westerly direction from the centre of the city . . . Work also required to be done to develop the driveway system along the south and southeast shore of the Rideau river.

I may say that I feel sure the commission will desire to give sympathetic consideration to the representations regarding the initiation of parkway construction along the Ottawa and Rideau rivers and also the continued development of Sussex drive; but expenditures for this purpose will, of course, have to be considered in the light of the very substantial amounts required in the next few years for the railway relocation and other construction projects.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. McIlraith: There are just one or two more questions I should like to ask. First of all I should like to thank the Prime Minister for the answers he gave to the questions I asked when this legislation was at the resolution stage. I wanted to add one or two remarks about the questions and answers.

On rereading the questions I think I might not have made clear the point I had in mind concerning Clemow avenue and Monkland avenue. At the time the commission preceding the federal district commission was active, that is the Ottawa improvement commission, they had undertaken certain restrictions and certain provisions in connection with the area now covered by these two city streets, Clemow avenue and Monkland avenue. With the passage of time these streets have become regular city streets, but the federal distict commission is still burdened with their care and maintenance. There is some legal difficulty about having the city take over these streets.

I believe anyone examining the matter would consider it desirable that these streets

be given back to the city for care and responsibility. The only legal way in which that end could be accomplished, as I see it, is through the provincial legislature. My question was merely directed to asking the Prime Minister, if and when the matter came up with the federal district commission or the new national capital commission, to use his good offices to have the province take the necessary legislative action to vest the appropriate parts of that land in the city.

The second subject matter, I believe, had to do with parking meters on Wellington street. I was referring, as I think the Prime Minister will see, only to that part of Wellington street immediately in front of the parliament buildings. While I very much appreciate the Prime Minister's answer on the point, I am going to ask him to pursue the question a bit further. I think he will find in old agreements and records that work was done by the public works department on this street. I hope the Minister of Public Works will not mind if I give him some research work to do, but I believe it will be found the federal government does have some responsibility for work on the north side of Wellington street, mainly in front of the parliament buildings. I think he will find also that part of the land close to the Chateau Laurier is the responsibility of the Department of Transport.

I should like to be a little persistent and ask the Prime Minister to pursue this matter further and settle, once and for all, the question of title to that land with a view to having that part of the north side of Wellington street properly maintained. I for one cannot easily reconcile myself to having this beautiful site on which these buildings are located spoiled by car parking. Indeed, I could say a great deal more about car parking on the hill itself, but I am going to leave that part aside for the moment.

I believe it is important that we not let anything be done now by the city that would tend to mar the beauty of the site of the main parliament buildings. I recognize that with the Prime Minister as busy as he is it is not always possible for him to concern himself with things that may, in themselves, appear like small matters. I do feel quite strongly on this matter, however, and I would ask him to have the appropriate officers look into the matter and do what they can to prevent this further step being taken that would mar the beauty of parliament hill itself.

Then the third matter I want to raise has to do with the annual report. I listened to the Prime Minister's answer to my request earlier this morning that he consider putting a provision in the legislation requiring the commission to make an annual report to parliament. As I understood it, his answer was that there is a provision in the Financial Administration Act requiring crown corporations to make a report to parliament on their finances. I am aware of that provision, but what I have in mind is something quite different. I have in my office copies of annual reports of the federal district commission for quite a number of years. These are very fine reports. They contain a great deal of information that does not concern financial administration at all.

If the Prime Minister will look at these reports I believe he will be impressed with their excellence, and I think he will be impressed with the important information they contain describing developments in the national capital, the beautification of the area and the development of the national capital area throughout the years, as well as the projects pending for the coming year. These reports usually contain some maps and pictures, and altogether the reports are very commendable.

I feel quite sure, Mr. Chairman, that hon. members would wish to have copies of such reports in future. I would ask the Prime Minister, notwithstanding the answer he gave to this same point this morning, to reconsider this matter and put a provision in the legislation requiring an annual report.

Mr. Diefenbaker: I thank my hon. friend for his suggestion, Mr. Chairman. As I said this morning, the commission being a corporation under the Financial Administration Act, an annual statement is required. I believe his request is reasonable. Each year the report has been a compendium of much useful information, and I shall suggest to the commission that the annual report made under the provisions of the act include the type of information that has now become characteristic of those reports. As a matter of fact, under the bill prepared by the former prime minister this section had been omitted for the reason I gave. However, I shall see to it that the purpose the hon. member has in mind will continue to be before the new district commission in the making of annual reports.

Mr. Caron: Before one o'clock the Prime Minister said that whenever there was a building to be erected in the capital region, the plans were submitted for the approval of the commission. This has been the practice for years, and I feel it is a very good thing to do. If I were to go to the commission and ask them to do something about the Hull side, somebody might say I was interfering with the business of the commission.

I should like to ask the Prime Minister, therefore, that the new commission consider spreading the money around a little more so we would have some buildings on the Quebec side. At the moment the plans call for buildings being erected miles away from this House of Commons. There are some beautiful sites on the other side of the river, and these buildings would then be much closer. I know we have one building there now which has been criticized quite a lot, and I will come back to that on another occasion. This was recommended in 1949 by the commission to the government; the recommendation was accepted and they started to buy the land to build the printing bureau, which has been a great improvement. As is stated in the report:

> The plans had been prepared for this new imposing building, the construction of which will commence the gradual rehabilitation of a part of the city of Hull, which is now blighted. The building will be accessible from all sides by direct arteries—

And so on. So they found a place which was quite suitable for a building, one of the important ones. If they can find—and I know they can—other suitable places in Hull or in the surrounding area much nearer to the parliament buildings than some of the new buildings which are being built at the other end, I think it would be to the advantage of those working there; it would be advantageous to distribute more adequately the circulation around the city of Ottawa. It would be advantageous also for the park area, and it would also help to change parts of the city of Hull which are very old.

The city of Hull was built as time went by, and some of the houses which are there were built by people working at Booth's, Eddy's and other places where they could get wood very cheaply. They built those houses at night in order to get dwellings in which to house their families. Those buildings are old, and in certain areas they could be bought at a certain price. If this were done it would help to improve the surroundings of the city of Ottawa, and it is still in the national capital plan.

So I hope the commission will accept the suggestions I am making today through the Prime Minister and have a little bit more sympathy for the city of Hull and the Quebec side of the national capital surroundings. I hope if they happen to need the money for that purpose, the government will be large enough to vote the money. Parliament will be large enough, but I hope the government will be satisfied to recommend the expenditures which might be asked for by the commission. As they were saying, the printing bureau building will be accessible from all sides by direct arteries.

I hope we will come to the decision that for the betterment of the national capital another bridge will be built to permit traffic to circulate. At the present time many of the population want to go to Gatineau, that beautiful national park beyond compare with any other in the world. If they want to go there they need to cross the river. In order to cross the river they need a bridge. The bridge situation is really bad. The only way it can be done is through the national capital commission. I hope they will recommend to the government the building of a new bridge, and I hope the government will recommend the expenditure of the money.

Mr. Diefenbaker: In connection with the reference just made by the hon. member for Hull, may I say this. In the bill that was tabled by the former prime minister, Right Hon. Mr. St. Laurent, he will find that section 9 provided as follows:

> There shall be an executive committee of the commission consisting of the chairman, the vice-chairman and three other members to be appointed by the commission—

I felt that did not cover the situation properly having regard to the representations that should be made on the part of the people of the province of Quebec and the city of Hull. It was with that end in view that the bill before us has these additional words:

> —of whom one at least shall be from the province of Quebec.

That was an additional change that was made by this government in order to assure that proper representation would be made in connection with the executive committee.

Mr. Caron: On this question I shall have to tell the Prime Minister that there was always a member from the province of Quebec.

Mr. Diefenbaker: Oh, no.

Mr. Caron: It was Mr. Amyot from Quebec who was the member representing the province. We had Mrs. Fontaine representing our side, and we had the mayor of Hull at that time.

Mr. Diefenbaker: This is the executive committee. There were no representatives on the executive committee.

Mr. Caron: I will admit they were not members of the executive committee, but they were members of the commission.

Mr. Diefenbaker: Oh, yes.

Mr. Caron: Under the bill there is one person representing the city of Hull, where we had two, and there is one representing the outside of the city, which is an improvement on what we had. I think that makes 16 altogether. There are still four who can be

nominated at any time. I hope when those four are nominated, another one will be nominated for the area surrounding Hull or the city of Hull.

Mr. McIlraith: I am curious about the Prime Minister's answer. I do not understand why he should single out the province of Quebec? Why should he not have provided that the province of Ontario should at least have one, or the city of Ottawa? I just want to point out that the principle being followed in legislation, in designating one particular area, is sometimes a difficult one to administer and is not perhaps as attractive in principle as it sounds. Perhaps he should have put in a provision that at least one shall be from the province of Ontario, or two or three or four or twelve, as the case may be. That is a very doubtful principle to follow, though I can appreciate the hon. gentleman's motives in putting it in.

Mr. Diefenbaker: Does the hon. gentleman want that change withdrawn?

Mr. McIlraith: I do not know why the Prime Minister would want to put me in a spot like that, but I am sure the people of Hull would not mind if it were withdrawn. I do not think this really adds anything at all—

Mr. Diefenbaker: They asked for it.

Mr. McIlraith: —one way or another to this bill. Anyway, the point I want to make is that this is a doubtful precedent to set, because once you start that kind of thing there may be provision for at least one representative from Rockcliffe Park, or the province of Ontario, or the Gatineau area, and so on; and I am sure the hon. member for Carleton would wish there to be a representative from the county of Carleton and that the hon. member for Russell would wish a similar provision to be made for Russell. So we would go on.

Mr. Gour: Mr. Chairman, I think more expropriation could be done on this green belt. All your railways and what you call the station and everything else will be in the Russell riding. Alta Vista drive and Elmvale Acres are among the nicest parts of the capital of Ottawa, and they are near where the station will be. Therefore it has to be something to go with this nice part in my riding.

However, I am not afraid, because I am sure there will be some intelligent people representing the city of Ottawa on this commission; it will be easy to get good ladies and good men to become representatives on the board. And I point out to the Prime Minister, when he is talking about the beauty of Ottawa, that it is hard to compete with the beauty of the district of Russell. When members talk about Ottawa and talk about Hull let us not forget that there is no better area than Eastview, with 23,000 people and some of the best buildings that anyone could wish to see.

I am quite certain that the good wishes of all hon. members here will go with this board, and that it will be prepared to continue the good job which has been done up to now. I hope that in carrying out this task it will soon be able to improve the approaches to this city by building a bridge starting from the north in Hull to the south on Sussex street in Ottawa, and also one further down, which would be another link between the provinces and enable the Quebec people to come to Ottawa and the people of Ontario to go to Quebec.

Mr. Bell (Carleton): Does the hon. gentleman for Ottawa East agree with that?

Mr. Gour: The hon. gentleman from Ottawa East always agrees when it is a good thing. He is a bright fellow.

Mr. Richard (Ottawa East): I guess I would agree to anything which would improve the Ottawa East portion of the national capital area. I am not expecting the Prime Minister to make an announcement at this time about the program of building along Sussex street, or to tell us when the tracks are to be removed. I think I have been in this game long enough to know that the Prime Minister will require some time to become acquainted with all the problems of the capital area before he can tell us.

However, this would have been a wonderful occasion to have announced that the bridge from the end of Sussex street to Hull was going to be built by the federal government. I think everyone would be happy to hear that, and I think if we keep on repeating it, within a short time we will hear an announcement made by the Prime Minister on the subject. I believe that when he does so he will receive the plaudits of all hon. members here.

Another question I should like to raise concerns transportation in this city. I should like to know if negotiations have been held between the federal government and the city of Ottawa on this question, and whether the Prime Minister is aware of any such negotiations. I should also like to ask whether any proposals have been agreed upon, because everyone knows that the displacement or removal of federal buildings from the central part of the city—the greatest offender being, of course, the Minister of Public Works and his predecessor—into the lovely riding of Russell has disturbed the living habits of the people of the city of Ottawa and made transportation very difficult.

As a result the city is now facing a transportation crisis, and I think the only solution lies in an agreement with the federal government so that in the future the city may be advised in advance of the government's plans regarding buildings, knowing that if it does provide transportation in such cases it will receive compensation and that the city and the citizens of Ottawa shall not be the losers.

As I said the other day, it is not always an easy problem for people to live in the city of Ottawa. It is an expensive process, and the taxpayers of Ottawa have paid their share toward the beautification and improvement of the city. I hope this transportation problem will be one of the matters which the government will attend to as quickly as possible in an effort to reach a suitable solution.

Clause agreed to.

On clause 2—*Definitions.*

Mr. McIlraith: Mr. Chairman, under 2(i) the following definition is given:

"Minister" means the Prime Minister of Canada or such other member of the Queen's privy council for Canada as is designated by the governor in council.

Now the commission is answerable to the Prime Minister of Canada, and I merely want to ask the Prime Minister if he proposes any change by the definition given in this section.

Mr. Diefenbaker: As the hon. gentleman knows, in the bill that was presented by Mr. St. Laurent the minister was defined as the president of the Queen's privy council for Canada, or such other member of the Queen's privy council for Canada as was designated by the governor in council. There is no change in this regard, and there is no change contemplated. As a matter of fact, though I am Prime Minister I have never been sworn in as president of the Queen's privy council, and I presume that is one of the reasons why this was phrased in its present form.

Mr. Pickersgill: Mr. Chairman, I wonder if the Prime Minister would permit a question purely for information. Did I understand him to say he had not been sworn as a member of the privy council?

Mr. McIlraith: No; as president.

Mr. Pickersgill: Oh, he meant he was not sworn as president; I see.

Clause agreed to.

On clause 3—*National capital commission.*

Mr. Caron: Mr. Chairman, this morning I referred to the communications which had been received by hon. members of this house and the Prime Minister from various organizations on the other side of the river in the province of Quebec concerning the name of the commission. The official name is the national capital commission, and I wonder if there would be any serious objection to naming it the national capital region commission or the national capital metropolitan commission. This involves just the addition of one word to the title, and would satisfy many people who fear the name is restrictive and bears reference only to the city of Ottawa. It should be easy to change the name along the lines I have suggested without detracting in any way from the project involved.

Mr. Diefenbaker: Mr. Chairman, that matter, of course, received consideration at the time the committee sat in 1956. I do not think any one would read a sinister meaning into the expression "national capital commission". The fullest consideration was given to that matter. This is, indeed, the national capital. For that reason the commission received that name. There may be a time when further consideration could be given to it, but at the moment I believe it will be generally agreed that the name is one that actually covers the connotation intended.

Mr. Regier: Mr. Chairman, I wish to say how much I welcome subclause 5 of clause 3 which places a limit on the length of time any member may serve; a maximum of eight years, as I understand it, unless it be the chairman. This will automatically provide new blood in the membership of the commission every once in a while, which I think is a good improvement.

I notice in subclause 3, however, a change from the previous provision. The corporation of the city of Ottawa and the corporation of the city of Hull used to have the right to appoint a member of the commission. I regarded that as being of some value in establishing a liaison between the two city councils and the commission. Has the Prime Minister any explanation to offer as to why that provision has been eliminated; why all members of the commission are appointed by the governor in council and none are to be direct appointees of the city councils?

Mr. Diefenbaker: When this matter was being considered it was felt that the previous provision served as a handicap to the commission. Under the Federal District Commission Act one member was appointed by the city of Ottawa and one by the city of Hull. These have usually been the mayors of the respective cities. It was felt in consideration of this problem that in view of the frequent negotiations with the cities it is a handicap to the commission to have representatives of the cities at its meetings. The new act provides for the appointment by the governor in council of at least two members

of the city of Ottawa and one from the city of Hull, and one from a municipality in Ontario other than the city of Ottawa and one from a municipality in Quebec other than the city of Hull. That was the consideration that prompted the inclusion of this particular subclause.

Mr. Regier: I wish to ask the Prime Minister if he has any explanation to offer as to how proper liaison will be maintained between the city councils and the commission if there is no direct tie-up between them. I know he said the commission was perhaps handicapped in having direct representation —as he said, the mayor—however, I fail to appreciate how one man could embarrass the opinions of the other 19 members of the commission. I am afraid we may have developed as a result of this move a lack of that understanding which is so vital if the work of the commission is to be at all successful. How does the Prime Minister propose to maintain the necessary liaison?

Mr. Diefenbaker: There are frequent meetings of the chairman and general manager with the mayor, and between the staff of the commission and the staff of the city. I am sure there will be no lack of liaison or of representation to achieve a proper relationship and to assure that the views of the city will at all times be given full consideration by the commission.

Clause agreed to.

Clauses 4 to 8 inclusive agreed to.

On clause 9—*Executive committee.*

Mr. McIlraith: Mr. Chairman, I fear I did not make myself clear previously when speaking about subclause 1 of clause 9. I should perhaps read this subclause. It reads as follows:

> 9. (1) There shall be an executive committee of the commission consisting of the chairman, the vice chairman and three other members to be appointed by the commission, of whom one at least shall be from the province of Quebec.

I am concerned about the last part of that sentence containing the words "of whom at least one shall be from the province of Quebec". Those words were not included in the bill that was introduced by the former government. The Prime Minister has offered an explanation as to why he caused those words to be added, but I would point out to him that it is a doubtful principle he is following in putting in this special reference to one province and not the other, because it is now quite possible to have this executive committee without any protection for the national capital.

Under the British North America Act Ottawa is the capital of Canada. That is a statutory provision, although there are occasions when I feel some may have forgotten it. This started out as an Ottawa improvement commission. It grew to a federal district commission and now to a national capital commission, a move which I think all persons welcome as an indication of progress which we all commend.

Approximately 12 years ago we provided that on the federal district commission there should be representation from each province in Canada, which was evidence of the growth of the country and an increased appreciation of this program. Now, because of the difficulties inherent in having meetings attended by members of the commission from each province in Canada, it has been found necessary to create an executive committee.

I wish to be clear that I am perfectly agreeable to having a representative from the province of Quebec on the committee. I hope there will be no misunderstanding on that point. I believe it is a requirement any sensible person would have in mind in setting up the executive committee, and I am wholeheartedly agreeable to the idea. But if we are going to legislate on this question, then surely we must also include a provision to the effect that of the three other members to be appointed by the commission, one at least shall be from the city of Ottawa or one at least shall be from the province of Ontario.

We should not have discriminatory legislation in this form on the statute books, and I am sure the Prime Minister would be the first to agree to that principle. I suggest to him that he add the words "and one at least shall be from the province of Ontario". It is a principle that is worthy of the attention of the committee and of the Prime Minister.

Mr. Pearson: Mr. Chairman, I would just like to support what my hon. friend from Ottawa West has said. The national capital region, of course, is in two provinces, namely Quebec and Ontario. It would be normal—indeed it would be desirable, perhaps essential—that on any executive committee there should be members residing in those two provinces. I assume that normally would happen, but in this legislation provision has been made to ensure that it will happen in the case of only one province. We all agree that it should be so for that province, but should not exactly the same action be taken in respect of the other province, as suggested in the amendment that my hon. friend from Ottawa West has ventured to put forward?

Mr. Caron: May I differ a little with the proposal made by the hon. member for Ottawa West. The idea of the bill as it stands is to have a representative from the Quebec region. I agree with the hon. member for

Ottawa West that it looks a little discriminatory when we say that one shall be from Quebec and we do not mention the other nine provinces. It can be freely admitted that if it were changed to read that one at least should be from the Quebec side of the national capital region there would be no misunderstanding. As it reads now somebody could be taken from the city of Quebec or from any other part of the province, and he would be too far away to attend meetings of the executive committee.

What the Prime Minister wants, I believe, is to have somebody on the spot to be there when they need him at executive committee meetings. The bill as it stands provides for a member from every province. We find that in clause 3. If the idea is to have a representative from the Quebec side on the spot it would be much better to have it read "from the Quebec side of the national capital region".

Mr. Diefenbaker: Mr. Chairman, a little while ago the member for Ottawa West, possibly speaking without that care which he might have exercised, placed this section giving the province of Quebec representation on the executive committee in a position similar to that of the various municipalities. He said, if the province of Quebec is to have a representative why should not municipality A, B, or C have one? There has been no request whatever from Ontario for any specific representation on the executive committee; there was from the western Quebec boards of trade, which asked that in the setting up of this executive committee provision should be made for a representative from the province of Quebec.

I felt that was a reasonable view because of the inclusion in the national capital region of those areas that are administered by the commission. It was to cover that point that this specific reference was made. I must say that I felt that was proper and fitting, and I still do. I feel there should be representation from the province of Quebec. When the hon. member for Hull says that representation on the executive committee should be from the region in question, I can assure him that this is the area from which the representation will be taken.

Mr. McIlraith: Mr. Chairman, may I make myself clear. I think everybody in the house agrees that there must be representation on the executive committee from the province of Quebec. Certainly I did not intend to create any other impression. I for one cannot see any possibility of an appropriate executive committee which did not have representation from the province of Quebec; but what I am pointing out is that in doing so we are creating a situation where there might not be any representation from the province of Ontario, and the national capital happens to be in the province of Ontario. I think we should keep our sights on the main objective of this legislation, namely the creation of a national capital commission.

I do not want to delay the proceedings unduly, but I would again request the Prime Minister to add wording which would provide also that there be at least one member from the province of Ontario. I think it would be found on examination that this is a reasonable request; it is sound in principal and it is practicable and possible. Without being too persistent, I would like to ask him to consider the matter again and also to consider adding the appropriate words at the end of clause 9, subclause 1, which will provide that at least one member must be from the province of Ontario as well as one from the province of Quebec.

Mr. Diefenbaker: Mr. Chairman, the national capital executive committee would naturally have representation from Ontario. We are not going to set up an executive committee and then appoint the members from various other parts of Canada. This executive committee will be an operative committee. It is natural, in the nature of things, that it will be largely composed of those immediately in the area or environment. Having that in mind we felt as well, because of the extension of the district into the province of Quebec, that we should assure that on the executive committee there should be a representative from the province of Quebec.

The Leader of the Opposition says it is discriminatory. That observation surprises me. I see nothing discriminatory in providing that on an executive committee which deals with the national capital we provide for a representative from the province of Quebec. There is nothing in the nature of discrimination there.

Mr. Pearson: Just so there will be no doubt as to where I stand on this matter, I think the Prime Minister has already said in his last few remarks that there cannot in fact be discrimination because there will always be a member of the executive committee from Ontario. If that is so, and undoubtedly it is so, why not put it in the law? It also is the case that on an executive committee of this kind there will be representation from Quebec. We all understand that, and we all approve it. That has been made clear in the legislation by including the words "of whom one at least shall be from the province of Quebec". Then, as long as those words are included in the legislation and no reference

is made to the province of Ontario, whatever the situation may be in fact—and there will undoubtedly be no discrimination in fact—there is the possibility of discrimination in law, and it is merely to remove that possibility, so there will be no misunderstanding in the future, that my hon. friend has suggested that this very useful and simple amendment might be made to this particular clause.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Co-ordination of development.*

Mr. Regier: I should like to refer to subclause 5, but to make my point I must read subclause 4, which is in these words:

> No person shall erect, alter or extend a building or other work on public lands in the national capital region unless the site, location and plans thereof have first been approved by the commission.

I think subclause 4 is very necessary. However, then we come to subclause 5, which reads as follows:

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

What I am a little afraid of is that this provision may lead to undue influence being exerted on members of the government. I believe the commission should have the final authority. If the work of the commission is not satisfactory then, if the charge is serious enough, the commissioners can be removed from office. After all, they hold office only at the pleasure of the governor in council.

I do not like to see a situation where a person who is refused permission to undertake the construction of a building on national capital region land can then exert political pressure in order to reverse the decision of the commission. In my opinion this is a weakness in the clause, and I should like to hear what the Prime Minister has to say.

Mr. Diefenbaker: Mr. Chairman, I must say that I see no reason for the suggestion that in the exercise of this power political pressure would be exerted against the governor in council. As a matter of fact, my hon. friend's solicitude in this regard would indicate to me that he has in mind examples of political pressure having been applied. If he has not, then I would point out to him that this particular subsection has been in effect since 1946.

Mr. Regier: I realize that it has been in effect, but I do not believe that members of the cabinet should have to be bothered with people appealing to them to do what they can to reverse a decision of the commission. I feel that the commission members should have the authority to carry out their work, and that if anybody has received an adverse decision he should not have the right to appeal to the government to upset the decision of the commission.

Mr. McIlraith: I must say that is a somewhat new doctrine. I have always held the view that when money is appropriated by parliament the government must assume the responsibility for the expenditure of that money, and I would think the government cannot escape that responsibility under our legislation.

I rose to bring up this point. Ever since 1946 it has been the law under the Federal District Commission Act, in wording almost identical to that of the new bill, that when any public building is to be constructed in the national capital area the site, location and plans thereof must first be approved by the federal district commission, now to be known as the national capital commission. That has been a very useful provision. It has done a great deal to co-ordinate the development of the whole national capital area. It has meant that the exterior design of public buildings has had to be co-ordinated and made compatible with the characteristics of the general site and location of the buildings.

I should like to be assured by the Prime Minister, as I have no doubt is the case, that no change is contemplated and that it is the intention to follow the same practice that has been followed in the past of insisting that the section be meticulously observed with regard to all public works undertaken in this area. I must say that this sometimes carries with it decisions that are not always happy for some of us, but I would point out to hon. members that as far back as April 30, 1949, at the time the national capital committee documents were tabled in the house, a full page story appeared in the Ottawa *Citizen* in which there is reference in item 14 to the construction of a new government printing bureau to be located in Hull.

I do not want to get off on that subject, but I would point out to hon. members what is involved in these things. It means that the site of these buildings are chosen with a view to the development of the whole national capital area, and we must bear that in mind. Further reference to that subject will be found in the national capital general report of 1950, page 210.

The government is also involved in another way. Because of the aesthetic requirements of exterior design, many of these government buildings may be more expensive than they would otherwise be. I think it is desirable to place that fact on record now

so that hon. members will understand exactly what they are legislating when they approve this clause. I think it is a wholly appropriate provision, but one that is not widely understood by hon. members, and I should like them to know and appreciate just what it involves. I hope that decades from now there will be many people in this chamber who will thank us for having put this provision in the legislation initially in 1946, and for having carried it forward in the 1958 legislation.

Mr. Caron: Mr. Chairman, clause 11 reads in part as follows:

(1) The commission shall, in accordance with general plans prepared under this act, co-ordinate the development of public lands in the national capital region.

(2) Proposals for the location, erection, alteration or extension of a building or other work by any person on public lands, or by or on behalf of a department, in the national capital region shall be referred to the commission prior to the commencement of the work.

I do not want to go back to what I said a while ago, but I hope the commission will consider very favourably the Quebec side, which is much nearer the main buildings of the government, when dealing with proposed buildings to be erected for the benefit of different departments.

Mr. Regier: Mr. Chairman, I cannot agree that it is necessary for responsible government that subclause 5 should remain, even though it has been in the old act; because there are many crown corporations as to which the cabinet would not entertain for a moment any representations concerning their internal operations. The Prime Minister mentioned the possibility of the old subsection 6, now subclause 5, having been used. I see he has an adviser in front of him, and I am wondering whether the Prime Minister can inform us how often subsection 6 of section 9 of the old act was used in years gone by. I am not asking for the exact number, but has much use been made of the right to appeal to the governor in council in past years? I should like to have an indication of how much use has been made of the provision.

Mr. Diefenbaker: I can only speak of the period since I became Prime Minister. No use has been made of that subsection during that period, nor has there been any application for its use.

Mr. Richard (Ottawa East): I notice that throughout this bill there is mention of plans. I should like to repeat what I have said before in this house, that I believe everyone would welcome the day when we have a definite plan. At the moment there is no plan approved by the municipalities involved or the provinces of Ontario and Quebec. I feel that that is what is lacking in our approach towards this national capital development. We have not got an approved plan, something which shows what the commission intends to do. A person may settle 20 or 25 miles from here and within a few years find that he is involved in expropriation proceedings because a new plan has been made. I believe that, as soon as possible, we should have a plan approved by all concerned which would be made public so that the people who live in this region would know what to expect so far as their property is concerned.

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Expropriation.*

Mr. Richard (Ottawa East): I have some remarks to make about expropriation. My good friend the Prime Minister will appreciate the point of view I have always taken that there should be a review of the Expropriation Act by the Minister of Justice. This is a very severe act. The purpose of this act, when it was put on the statutes, was to acquire property on behalf of the crown for public works, works of necessity such as wharves, post offices, defence projects and so on. At the moment the same strict regulations or sections which were applied for this purpose in the past are being used under such statutes as this one. I have always felt that there should be some amendments made to the Expropriation Act for use in such cases as the national capital plan.

Some people do not appreciate what is the procedure. It only requires a plan to be signed by the national capital commission and filed at the registry office, without any notice to the owner of the property, for property to become vested in the federal district commission. The rules in connection with compensation are those that existed in the past for ordinary expropriation purposes such as the public works I mentioned. These procedures are very lengthy and slow. The people of Ottawa have suffered from these procedures in the past. I know that in recent years the commission has not been using the Expropriation Act to the same extent, and hardly at all on the Quebec side. I know that in Ontario this act was used to acquire almost all the property along the Ottawa river and a great deal in Russell county. I believe this is the time to revise the Expropriation Act, and I hope the Prime Minister will give some consideration to discussing this matter with the Minister of Justice.

Mr. Diefenbaker: In practice, Mr. Chairman, the commission follows the course of endeavouring to purchase the property by

agreement rather than by expropriation. What the hon. gentleman says is a fact, that the power of expropriation being an extraordinary one deserves to be reconsidered in the light of present circumstances. I can tell him that the Department of Justice is reviewing the Expropriation Act in detail with the operative departments to the end that anything in the nature of enforced injustice cannot occur.

In saying that, I do not admit that there has been such in the past. Nonetheless, the power being so extraordinary, it certainly should be limited so far as possible. I should like to point out this to him. I do not believe most powers of expropriation—I am speaking now from memory of the law after not having practised for two or three years—have the limitation that is present here. Here, the commission may, with the approval of the governor in council, take or acquire lands for the purpose of this act without the consent of the owner. In other words, if expropriation takes place within the national capital region, it can only take place if the governor in council has directed that it should take place.

Mr. McIlraith: All the authorities for expropriation are that way.

Mr. Caron: I have to admit that the claim of the hon. member for Ottawa East is correct to some extent. I remember one case where an old man was expropriated—

Some hon. Members: Oh, oh.

Mr. Caron: The hon. member may laugh, but if he had to struggle in French as I have to struggle in English he would not dare laugh at me that way; that is very cheap.

This man was over 65 years of age, and they wanted to expropriate his property. He was living on a small pension, and they gave him the exact value of the house. This man had no money to rebuild and the cost of construction had increased to such an extent that he could not do anything. He could not even buy a lot. It is quite important that the Expropriation Act be revised so that these poor people would not be disturbed for the balance of their lives.

Clause agreed to.

On clause 14—*Restrictions on transactions.*

Mr. McIlraith: I notice a change in clause 14. Where the terminology "at a price" was used in the former bill there is a change to "for a consideration". Is there any special significance in that change in the new bill?

Mr. Diefenbaker: One can imagine a situation whereby a trade would take place, whereby a certain piece of property in possession of the commission might be exchanged for another property of equal value. It was in order to cover that situation, as I understand it, that the word "consideration" was inserted.

Mr. Regier: I looked at this clause, Mr. Chairman, and I was wondering why the figures were so low or limitations were so severe. It seems to me that very little can be done by this commission without an order in council. They cannot dispose of any real property if the value is in excess of $10,000, nor may they buy any real property if the value is in excess of $25,000. That means that the greater number of transactions will require orders in council. Does the Prime Minister have any explanation to offer as to exactly why $10,000 and $25,000 were the figures used, as to why the provision was not made a little bit more liberal or why a little bit more leeway was not given to the commission to act on their own, as for example up to $25,000 for disposal and $50,000 for purchase? In these days it does not take much of a home to be worth $25,000. Surely we do not want an order in council for each and every house.

Mr. Diefenbaker: It is apparent, Mr. Chairman, that the hon. member has not read the Federal District Commission Act. The old section 16 reads as follows:

> 16. (1) No separate parcel of real property shall be purchased or acquired by the commission at a cost in excess of five thousand dollars except with the previous consent of the Governor in Council; and if the commission is unable to agree with the owner of real property as to the price to be paid therefor, the commission shall, with the consent of the governor in council, have the right to acquire the same without the consent of the owner and the provisions of the Expropriation Act are, mutatis mutandis, applicable to the acquisition of such real property by the commission.

There was that provision in the past respecting $5,000 in the acquirement of property. It was felt that provision constituted too great a limitation on the average transaction. The change that has been made is this. Under the Federal District Commission Act the commission cannot dispose of any real property without the approval of the governor in council. Under the new bill the governor in council approval will not be needed unless the consideration involved exceeds $10,000. Under the Federal District Commission Act to which I have just made reference the commission cannot acquire a parcel of property in excess of $5,000. Under the new bill governor in council approval will not be needed unless the consideration involved exceeds $25,000. It was just to cover the point raised by the hon. member that this alteration was made.

Mr. Regier: I want to assure the Prime Minister that I have read the old act.

Mr. Diefenbaker: Then I apologize to the hon. member.

Mr. Regier: The point I was making in my opening remarks is that I feel that all around the commission is being limited a little bit too much, that it is not being given enough freedom of action to do the effective job that the Prime Minister wants it to do in the nine-year period.

I must say that the first time in my life that I ever heard the Prime Minister make a public speech was in the little village of Craik, Saskatchewan in the year 1941, I believe it was. One of the most telling arguments that he had against the government of the day was the vast number of orders in council that were being issued. Knowing that he has so little love for government by order in council I should have liked to see in this clause and in other clauses evidence that the new commission about to be appointed would have a little bit more liberty of action.

Mr. Diefenbaker: The effect of the alteration will be to reduce the number of orders in council, that desirable objective to which the hon. gentleman gives his adherence now.

Clause agreed to.

Clause 15 agreed to.

On clause 16—*National capital fund.*

Mr. McIlraith: Would the Prime Minister care to tell us what supplementary estimates he proposes to bring before the house this year dealing with this subject? I have in mind particularly the question of whether or not he proposes bringing before the house provision for funds for acquisition of part of the green belt.

Mr. Diefenbaker: Authority will be asked for a $4½ million loan on behalf of the commission for green belt purchases. In addition to that, of course, there will be these other estimates to which reference can be made when the estimates are before the house.

Mr. McIlraith: What I want to point out is this. The expropriation legislation provides that payments shall be made at the value at the date of expropriation. Once the expropriation plan is filed the persons concerned have by that time had the valuations of their property fixed. If you are in a period of rising prices, great hardship is suffered by those persons because the crown does not have the money with which to pay them the value of their property. If they have no other assets, they cannot buy other property and they are left in a rather hopeless position. They know they are being put out of the existing property, if it is property that is being taken for use. The price is fixed as of the date of filing of the planned expropriation. The crown cannot pay them; and if the values go up, of course real hardship is suffered. There has been a great deal of hardship on that score. The hardship has been quite severe. All too many persons are suffering in this area because they have had their property expropriated. They have had no payment made by the crown. The value is fixed as of the date of expropriation. The situation can work a real hardship. Now that the green belt is announced and the delineations of the border fixed by the publicity given in the last few weeks, I would ask the Prime Minister if he would consider providing funds so that these expropriations can be completed as quickly as it is mechanically possible to do so.

Mr. Regier: I wonder whether the Prime Minister could indicate to the committee what has been the cost to the taxpayers of Canada of the development of our national capital so far? I know that for many years certain amounts have been voted annually. I wonder whether we might have the figure of what has been spent so far?

Mr. Diefenbaker: According to the report as of March 31, 1957, which is the only one I have before me at the moment, the funds advanced to the commission have amounted to $21,540,000 and the total expenditures have been $21,054,991. There have been further expenditures, of course, during the period 1957 to 1958 but I have not those figures before me at the moment. I will have them when the estimates are before the house.

Clause agreed to.

Clauses 17 and 18 agreed to.

On clause 19—*Regulations.*

Mr. McIlraith: There is a small legal point that I should like to draw to the attention of the Prime Minister. Clause 19 (1) provides for the making of regulations for the protection of the property of the commission and for preserving order or preventing accidents. Then the remaining subsections of the clause have to do with a vehicle being operated or parked and so on and provision for penalties. What I want to point out to the Prime Minister is this. I want to ask him whether he is satisfied with the wording of clause 19 (1) in its breadth, from the point of view of giving authority to make regulations controlling traffic. The authority is quite clear for preserving order and for preventing accidents; but there can be control of traffic that is not protection of property and that is not preventing accidents. I do not want to delay the passage of the clause now in order to discuss the point further, other than to draw the

matter to the attention of the Prime Minister and to ask him to have the appropriate law officers look at the clause and, if they find anything in the points raised, have an appropriate amendment put in possibly in the other place or at some other convenient time.

Mr. Diefenbaker: At first glance, Mr. Chairman, I am inclined to think that there is something in what my hon. friend has said. However, I wish to point out that this clause was drafted in its present form by the Department of Justice after receiving full information respecting the requirements of the R.C.M.P. relative to these matters which come under the jurisdiction of that body. The purpose is that which the hon. gentleman has in mind—infractions of that nature, in addition to other provisions—the protection of property and the like. If it were not for the fact that the law officers of the crown concluded that this would be sufficient, I should be inclined to agree completely with the hon. gentleman, and I am not going to disagree with him now, even having regard to the authority of those who have prepared this. If he has any suggestion as to an additional word which would correct the situation, I would certainly be glad to accept an amendment in this regard.

Mr. McIlraith: I am not going to set myself up as a legal authority in a committee such as this, but the Department of Justice has been known to overlook points of law on occasions—I say that without any undue reflection on that department—and it seems to me that authority to the governor in council to make regulations concerning the control of traffic is not given by this section, although regulations are obviously intended on this subject, because subclause (a) of (2) deals with regulations concerning the operation and parking of cars. Perhaps we could let it go at this point, and the Prime Minister will have them take another look at it.

Clause agreed to.

Clauses 20-26 inclusive agreed to.

On clause 27—*One and same corporation.*

Mr. McIlraith: I wish to draw the attention of the committee to the fact that in the bill introduced in April, 1957 by the former government there was a provision that the corporation referred to in section 3 as the corporation established by the Federal District Commission Act was hereby declared for all purposes to be one and the same corporation. This was followed by a somewhat lengthy subclause which provided that the persons who held offices as chairman, members, officers or employees of the federal district commission immediately before the coming into force of the act shall be taken to have been appointed or employed to be chairman, members, officers or employees of the commission respectively under the new act for the unexpired portion of their respective terms to which they were appointed or for which they were employed. And then there is further provision for carrying this out.

That provision has been totally eliminated from the new bill now before the committee and the effect of it is that if the bill passes in its present form the members of the commission, the officers and the employees of the federal district commission are immediately out. They would require to be reappointed or rehired and by the mere passage of this bill and the bringing of it into operation that is the consequence. It means that the men who maintain the grounds around the city—indeed, those who maintain parliament hill and do all this excellent work—are left in a position of total insecurity of tenure of their employment although their work may have been such as to bring about the commendation of all of us. I should therefore like to ask the Prime Minister if he would explain just why this subclause 2 was omitted in the new legislation, and precisely what he has in mind.

Mr. Diefenbaker: As the hon. member has stated, Mr. Chairman, this was in the draft bill which was introduced by Mr. St. Laurent. It was unusual, I thought, for such a provision as that to be made in this type of legislation. No one wants any person to be left in a position of total insecurity. Provision has been made in the bill that it shall come into effect on proclamation, and I can certainly assure the committee that the omission to include this provision was based on the fact that in the past a section such as that had been significantly omitted from legislation passed by the former government, and the reasons given were simply that in order to assure that the act should be most effective, while accepting in general the provisions of the draft act, we do not feel that positions should be filled by inheritance or by statute.

There is plenty of support for that stand in legislation passed by the former government.

Mr. McIlraith: I wonder if I might pursue this matter a bit further. Would the Prime Minister give us an example of some of the legislation of the previous government where the name of a statutory body was changed and some changes were made in its powers, and when this provision or a corresponding one was omitted? I cannot recall any.

Mr. Diefenbaker: I would have no difficulty in that connection. Let us take 1936, when the

department of mines and resources was reconstituted by the statutes of Canada, chapter 33. That was passed on June 23, 1936. That is one example. The hon. gentleman must have forgotten that the Federal District Commission Act took the place of the Ottawa improvement commission in 1926-27. This change was brought about by the Federal District Commission Act, the act for which the present bill is being substituted. That act is reported in chapter 55 of the statutes of Canada, 1927, the act cited as the Federal District Commission Act. Section 21 of the act constituting the Ottawa improvement commission—chapter 10 of the statutes of 1899—and the act continuing the said improvement commission—chapter 62 of the statutes of 1919—were repealed and the provisions of the later act substituted for that act and the amendments thereto. Now, that was a pretty good example but there is still another one, the Canadian broadcasting commission.

Mr. Pickersgill: Corporation.

Mr. Diefenbaker: This act succeeded the Canadian Radio Broadcasting Commission Act. It appears as chapter 24 of the Revised Statutes of Canada 1936. I believe the Canadian Broadcasting Act covers the situation very completely. Section 25 of that act reads as follows:

> The corporation shall, from the date of the coming into force of this act, take possession of all property and assets and assume all the obligations and liabilities of the Canadian Radio Broadcasting Commission.

Section 27 provides:

> The Canadian Radio Broadcasting Act, 1932, chapter 51 of the statutes of 1932, is repealed.

Section 28 reads:

> This act in whole or in part shall come into force on a date or dates to be fixed by proclamation of the governor in council.

And then there is the act respecting national parks, chapter 33 of the Revised Statutes of Canada, 1930, passed on May 30 of that year, and there are similar provisions although, as far as this act is concerned, one might say there is a distinction because like the first mentioned, those were acts respecting departments of government. The government felt it would prefer to follow those outstanding examples introduced by the previous government rather than the drafting prepared by the last government.

Mr. McIlraith: Mr. Chairman, there are one or two comments I feel I should make about the answer. First of all I would point out that the Prime Minister was obviously prepared for this.

Mr. Diefenbaker: I read about it in the Ottawa *Citizen*.

[Mr. Diefenbaker.]

Mr. McIlraith: I congratulate the Prime Minister on that but I am just wondering what caused him to be so prepared on the point. What has he in mind? He must have been thinking about this subject. I would also point out there are employees who worry about this in a very real way and have every reason for doing so.

I should also indicate that two of the four pieces of legislation to which the hon. gentleman referred dealt with civil servants and have no relevance whatever to the discussion before the committee today and for that reason should not have been referred to at all. One referred to the Canadian broadcasting commission—

Mr. Pickersgill: Corporation.

Mr. McIlraith: —and one referred to the Ottawa improvement commission. I am not familiar with the former. I must point out the substantial nature of the changes being made with reference to the Ottawa improvement commission. There was no change of government at the time the legislation was put through. It was being continued under the same government. I wish to draw that to the attention of the committee.

I wish to point out to the committee that the subclause that is omitted deals with the officers of the commission. That is one group of persons. But then it also deals with employees of the federal district commission. I think it should be impressed on hon. members that some of these employees of the federal district commission hold humble jobs but they have been there over the years. These were not patronage appointments and they do not benefit through the civil service commission.

This is a proper occasion on which to ask the Prime Minister whether he proposes to make any changes in the commission itself. If so, is he in a position to tell us what the changes are? Secondly, when he deals with that part of the section, will he then tell us about the employees and include some provision in the bill that will protect those employees as well as the officials and members of the commission? In other words, there are two groups of persons referred to in the subclause that has been omitted. I feel it is quite an important thing. The commission has developed in a highly successful way over the years. I cannot help but be impressed with the attitude of all hon. members of the house toward the commission. If you read the debates on the subject for the last decade that will become extremely apparent. We heard what was said on August 11 at the resolution stage and we have heard the fine words spoken from all sides of the house today. I for one am not content to see

a somewhat glaring omission like this in the new legislation that will create the suspicion that there are going to be mass dismissals of employees and mass rehirings. I believe the Prime Minister ought to consider making a firm and definite commitment on this subject.

Mr. Diefenbaker: Mr. Chairman, I would point out that when the C.B.C. was set up under the new act in 1936 no provision was made similar to that which Mr. St. Laurent in this case thought should be included, a rather unsual provision and one that naturally must have won his appreciation and support. As far as the commission is concerned, there are certain terms expiring December 31, 1958. There are six members whose appointments—and those six include the mayor of the city of Ottawa—terminate at that time. Then in 1959 there are a further six commissioners' appointments expiring on December 31. One expires December 31, 1960.

In so far as the employees are concerned, no employee or official who is discharging his responsibilities in a way befitting the position he has occupied will ever have anything to fear whatsoever. I wish to make that very clear and very definite.

When the hon. gentleman speaks about the glaring absence in this section, I must say that in so far as two of the cases to which I referred are concerned, the course followed there represents the course followed generally. After all, when a new body is set up naturally those who are doing their work in a proper, fitting and efficient way will have no cause for concern.

Mr. Pearson: In view of what has happened I am not sure that my hon. friend deserves the congratulations of my hon. friend from Ottawa West for having done his preparatory work so skilfully. He produced four illustrations to support his position, two of which dealt with civil servants and are completely irrelevant, one of which my hon. friend dealt with. He was able to show the difference between that particular operation and this one. The fourth is relevant. It deals with the Canadian Broadcasting Corporation, but it goes back to 1936. My hon. friend says that the provision which Mr. St. Laurent would have included in his bill, and which has been cited, was an unusual one and that the government now proposes to follow the normal and usual course in this matter.

I would suggest to the Prime Minister that perhaps the reason he did not cite any examples to support his case from the end of world war II was that he was not able to find any relevant examples. I suggest also—he will correct me if I am wrong—

Mr. Diefenbaker: Have any changes been made?

Mr. Pearson: —that what the Prime Minister considered to be the unusual provision, the one that Mr. St. Laurent put in, was not unusual and was in fact the one that was followed since world war II when changes of this kind were made.

However, perhaps we can bring this matter to a head and get from the Prime Minister the kind of assurance that we would like to have by asking him to state, if he cares to do so, that the position of the members and employees of the new commission in regard to their security of tenure will be exactly the same as if the section quoted by my hon. friend from Ottawa West, which would have been included in any bill from this side, had been included in this bill. In other words, their position will not be affected in any way by the fact that that provision is not included in the bill and they will be treated in that way notwithstanding its omission. I suggest again, Mr. Chairman, that the inclusion of such a provision would not have been unusual. If the Prime Minister does some more homework he might find that it has been included in more than one bill since world war II.

Mr. Gour: I ask the Prime Minister not to put himself in a position where he may be tempted, but to put something in the bill which will help him to resist the temptation of some of his members who may try to play politics. I suggest that he have some kind of regulation that will isolate him against temptation of some of his members to have some of the employees released because they were appointed by another party. It will save him a lot of trouble and a lot of temptation.

I might also remind the Prime Minister, if he does not remind himself, that he has found his desk very handy. Two weeks ago he spoke of removing desks. If he did not have his desk in front of him he would not find it so convenient to have all those books in front of him. I ask him to forget about the desks because they are handy for everybody.

Mr. Diefenbaker: The books were under the desk.

Mr. Gour: I ask my good friends to include a provision so that there will not be a temptation to put some of the employees out of jobs because they were hired by the Liberals. I think it would help to have a regulation along that line and it would prevent the Prime Minister from running into a lot of trouble.

Mr. McIlraith: Mr. Chairman, of the two acts referred to by the Prime Minister one

was passed 32 years ago and the other 22 years ago. The bill that he proposes not to follow is one that was introduced one year and four months ago. I wonder why he selects the one passed 32 years ago and omits the one introduced 16 months ago. It does not make a very good case. I would point out also that while he tells us about the date of the expiry of office of many members of the commission he does not go any farther in discussing the clause with which we are dealing, nor did he deal with the unexpired period of the duration of their appointments. May I ask him directly now to deal with that omission? Is it the intention to reappoint the members of the commission when the new act is passed for the unexpired term on the dates he indicated in his statement a few moments ago?

Mr. Diefenbaker: That matter has not yet received consideration, but in the appointment of the commission under this new act the only consideration will be the efficiency and the effectiveness of those to be appointed.

Mr. McIlraith: But we have had some rather extraordinary tests of efficiency given to us in the house. We had one the other day by the Minister of Transport in dealing with the auditors of the C.N.R. It was a shocking definition of efficiency, and I would like the Prime Minister to be a little more clear on what he means by that. I would hope he would use the same test of efficiency that some of us would use, and if he does we will be satisfied. I would be much happier if it was in the legislation, but if it is not in the legislation dealing with the commission would he consider, in view of what he has said, putting in a clause dealing with the employees only, similar to the former clause 2?

Mr. Diefenbaker: Mr. Chairman, the form in which the presentation has been made and the removal of this subsection—and also the change in at least half a dozen or more other subsections and sections of the draft act that was tabled by Mr. St. Laurent—represent the stand of this government on this particular question.

Mr. Pickersgill: Mr. Chairman, I have been listening very carefully to what the Prime Minister said, and it has occurred to me to wonder whether there was ever in any legislation as early as 1936 any provision of the character suggested by Mr. St. Laurent in this bill. I suggest the reason that there was nothing that the Prime Minister found at that early date is that this kind of situation at that time was, to say the very least, abnormal.

My recollection is—and I am speaking from recollection; I may turn out to be mistaken; I know I am taking a very great risk in speaking from recollection—that when the national film board was established during the war and it took over the employees of the motion picture bureau of the Department of Trade and Commerce, some special provision was made for the security of the employees who previously had been in the civil service and who were then being transferred to this new crown corporation. I do know of my certain knowledge that since the war when, for example, the department of reconstruction and supply was first being set up and taking over the employees of the department of munitions and supply, and again when the department of reconstruction and supply was wound up and its employees were taken into certain departments that were taking over, provision was made for the continuity of employment of the employees.

I know from experience I have had that there have been many, many cases in which similar provisions were made in so far as employees were concerned, and here I am only referring to the second point raised by the hon. member for Ottawa West.

So far as the members of the commission are concerned, if the government wishes to drop that provision in the previous bill I would have no criticism at all. It would seem to me that the government was perfectly justified in doing that if it wanted to. But with respect to the employees there are many precedents going back in my recollection to the establishment of the film board where, when a new name or new constitution was given to some agency and functions were transferred from a department to a crown company or vice versa, legislative provision was made to safeguard the position of the employees.

It would take me some time to look up and verify the references but I have very distinct recollections of having dealt with these matters myself and I know that there were such provisions. I would not like to say, of course, that they were in the precise language to be found in the bill Mr. St. Laurent introduced but I do know that it has been habitual and normal since the war to do so. Therefore, while I would not urge the government for one moment to do it with respect to the members of the commission, so far as the employees are concerned I would urge them to do what has now become and has been for some 15 years the normal practice in these matters.

Mr. McIlraith: Mr. Chairman, I would point out again the whole history of this legislation. We have had a national capital development authority operating in this city and area since the late 1890's. It has gradually developed over the years and has come to be a very fine body whose work is recognized and appreciated throughout the country. As a logical consequence of all their work a joint committee of parliament was set up in 1956 to deal with this whole subject. Resulting from the work of that committee legislation was drafted and brought in but was not proceeded with in 1957 because of the dissolution of the house and the calling of a general election.

Similar legislation has now been presented by the present government. During that time not only has the work of this body come to be appreciated throughout Canada but the house itself has come to recognize this subject as a non-partisan one and the commission as a non-partisan commission in all its works, with all the implications of the word "non-partisan". Today we have this splendid piece of legislation spoiled by the omission of the one clause providing for continuity of employment for the employees. That is something that should not be done. A clause providing continuity for the employees should be included in the bill. From anything the Prime Minister has said I cannot understand why such a clause should not be included at least so far as the employees are concerned. I would regret it very much if the committee were to pass this clause in its present form and by that one act undo so much of the splendid work done over the years, work that has been recognized in all parts of Canada. Notwithstanding the firm position the Prime Minister took a moment ago, I would ask him to consider putting such a clause back in the bill at least so far as the employees are concerned.

Mr. Diefenbaker: Mr. Chairman, during the interval I have read the section of the Canadian Broadcasting Act which brought about the change in 1936. I know that the hon. member for Bonavista-Twillingate would say that Mr. Mackenzie King was always meticulously careful about these things. This section provides an example for the hon. gentleman as to the proper course to be followed. The intervening years amount to 22 but great principles stand and the hon. member, having that intimate relationship with the late Mr. King, would certainly be the first to say that anything that had been done by him would establish the proper course to follow. What provision did Mr. King make? Section 13 reads as follows:

> (1) Notwithstanding anything in the Civil Service Act . . . the Civil Service Superannuation Act—
>
> I am not reading all of it.
>
> —a civil servant who, at the time of his appointment to the staff of the corporation under authority in that behalf . . . is a contributor under the provision of the Civil Service Superannuation Act, shall continue to be a contributor under the said act; his service on the staff of the corporation, in virtue of an appointment as aforesaid, shall be counted as service in the civil service for the purposes of the Civil Service Superannuation Act—
>
> And so forth.
>
> (2) Any employee of the corporation, who at the time of his appointment or employment under or pursuant to the provisions of this act, holds a position in the "civil service," or is an "employee" within the meaning of the Civil Service Act, shall continue or retain and be eligible to receive all the benefits, except salary as a civil servant, that he would have been eligible to receive had he remained under that act.

As far as the work done by members of the staff is concerned, it is not for me to disagree with what the hon. member for Ottawa West said. I am not here for that purpose. Any commission appointments that are made will certainly have regard to the efficiency and effectiveness of the work that has been done by those who have been employees of the federal district commission. I say that clearly and unequivocally. With respect to including this section, which is an abnormal one having regard to what has taken place in the past, the course we have followed is one that is based on precedent—and, indeed, that precedent above all others, the manner in which Mr. King operated—which I am sure my hon. friends opposite would be the first to approve and applaud.

Mr. Pickersgill: Mr. Chairman, since the Prime Minister has suggested what attitude I should take to a precedent established by Mr. Mackenzie King, I say here and now that I yield to no person in the house in my admiration for Mr. King, but if I were seeking a lawyer I would certainly ask the Right Hon. Mr. St. Laurent for legal advice before I would ask Mr. King, and so would Mr. King. I say that the statutory precedents, the numerous precedents, the dozens of precedents, for protecting public servants in legislation brought into the house by Mr. St. Laurent impress me far more than something that happened 22 years ago when the situation was quite different at the very beginning of the Liberal regime of Mr. King. I think that the Prime Minister should reconsider, and give this group of public servants the same protection as was given to the employees of the motion picture bureau when they went to the film board, the same protection that was given to employees of the Department of Finance who went to Central Mortgage and Housing Corporation, the same protection that

has been given as a normal procedure when these transfers have been made because of changes of this character ever since the war and, indeed, over the last 15 years. That is all we on this side of the house are urging. That is what Mr. St. Laurent intended to do and that is what the government is proposing not to do.

Mr. Pearson: I asked the Prime Minister a few moments ago, because I thought this might clarify the discussion, if he would give the committee an assurance that the security of the positions of the employees of the commission will be the same as if this section, which had been proposed by Hon. Mr. St. Laurent, were included in this legislation. If he could give us that assurance, it would certainly go a long way towards settling our doubts.

Mr. Diefenbaker: I thought I covered the situation completely, and I am surprised the hon. member did not follow what I said. I said positions are not filled by inheritance or by statute. What I want to assure above everything else is that the efficiency and effectiveness of this body shall be completely unimpaired.

Clause agreed to.

Clause 28 agreed to.

On clause 29—*Commencement.*

Mr. Regier: I wonder if the Prime Minister could give any indication as to the commencement of this act? After listening to the interchange which has just taken place, I think it is obvious that possibly not all the members of the commission under the former act will be members under the new act. There may be, therefore, some hesitancy about doing anything about the development of the national capital pending the proclamation of the new act. I think all of us would regret six months of inactivity or perhaps a year might elapse before the act is proclaimed.

Mr. Diefenbaker: My hon. friend must have been thinking about the past when he uttered those concluding words. The purpose is that at the earliest possible date the proclamation will be made. This date, of course, must be fixed with due regard to the necessary preparations that have to be made to bring the act into effect. I have no hesitation in saying, however, that I believe there should be no delay beyond that which is necessary to assure, as I said a moment ago, efficient and effective service.

Clause agreed to.

[Mr. Pickersgill.]

On the schedule.

Mr. McIlraith: We have now a new definition of the national capital region set out in this bill. We have a new green belt. A map has been published and a description of the area. However, I am wondering if the Prime Minister would consider having the mapping section of the Department of Mines and Technical Surveys prepare a comprehensive map showing the national capital region, the green belt and all the other relevant data pertaining to this legislation. There is a need for it. While the federal district commission did some excellent map work, they were of necessity limited in this work. We have this outstanding branch of the government service that could do the work, and I would ask the Prime Minister to consider having that branch prepare a comprehensive map with all the relevant data on it.

Mr. Diefenbaker: I think that suggestion is a very good and appropriate one. As a matter of fact, I have found difficulty myself in trying to follow the actual areas in detail of these various entities. While I have no authority to direct, I shall certainly bring to the attention of the department of mines the need for the preparation of such a map. I think it is necessary. As the hon. member said, there is bound to be confusion without it.

Schedule agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time? Now, by leave?

Mr. Diefenbaker moved the third reading of the bill.

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

NATIONAL PAROLE BOARD

REPEAL OF TICKET OF LEAVE ACT, ESTABLISHMENT OF BOARD, ETC.

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-49, to provide for the conditional liberation of persons undergoing sentences of imprisonment.

He said: I should just say a word or two on the second reading of the bill. I will not go into any detail because I think I gave a sufficiently comprehensive outline of the general principles and purposes of the bill when the resolution was before us, as reported on page 3372 of *Hansard* for August 11, 1958. I should just say, in addition, the following: This bill which is now in the hands of members deals with a system of parole under

which persons undergoing sentences of imprisonment may be conditionally released to serve the balance of their sentences at large in society. In considering a bill of this nature, therefore, some consideration must be given also to the purposes of imprisonment.

The purposes of imprisonment are generally regarded as being twofold: firstly, the punishment of the offender and secondly, the rehabilitation and reform of the offender. In so far as the first part, namely the punishment of the offender is concerned, we are not immediately concerned with that here except to the extent that no one having overall responsibility for penitentiaries could altogether overlook the punitive aspect of imprisonment. But apart from that indirect concern, we are not here concerned with the punitive aspect of imprisonment but are concerned with the design and implementation of a program of rehabilitation and reform of those who have been sentenced to penitentiary.

While those who administer the parole system which will be set up as a result of the passage of this bill will be primarily concerned with the question of whether a prisoner is qualified to be released on parole, nevertheless it will be their responsibility also to concern themselves indirectly with questions of the rehabilitation and reform training programs in penitentiaries as well as with provision for assistance of those who are released on parole. The purpose of this bill is to provide for the setting up of a system which we believe is generally in accord with the recommendations and findings of the Fauteux committee, and which will assist in a sensible, constructive and valuable program of rehabilitation and reform of prisoners, and their return to society as useful members of society in the shortest possible time consonant with the overall responsibility of those in charge of the penitentiary system for the protection of society. This is the purpose of the bill, and I believe that as hon. members study the bill in detail, they will see that we will be in a better position to discharge and perform this purpose under the new bill than we were under the Ticket of Leave Act which this bill repeals and replaces.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I feel quite sure it is not necessary for me to make any lengthy speech on the second reading of this bill to indicate to the minister that we on this side of the house will support the measure. Of course we shall have the opportunity of asking questions and perhaps voicing minor divergences of opinion as to the details of the bill. Generally speaking, however, we are in agreement with and concur in the general principles involved in this particular bill.

As a matter of fact, Mr. Speaker, all the suggestions to be found in the Fauteux report of 1953 are indeed timely and to the point. We feel that they are well worth reviewing and studying from time to time. One of the important recommendations of the Fauteux report, of course, deals with the parole system in Canada. I understand this recommendation will be implemented in great part by the passing of this bill. I feel sure that there is not a member in the house who has not, at one time or another, been faced with representations from mothers or wives in respect of the imprisonment of their loved ones. There are times when the circumstances under which the imprisonment has taken place, the state of mind of the imprisoned persons and also the deplorable conditions of the family, the wives and children, would argue very strongly for the conditional liberation of certain prisoners. Although we are warranted in commending and can very well commend the remission service of the Department of Justice and while we can also commend highly the present Solicitor General (Mr. Balcer) and the former solicitor general, we feel that this whole system was working under a very heavy handicap. It is hoped that this new bill—and I think it will do so—will bring about conditions where it will be far easier to deal with parole.

The Ticket of Leave Act passed in 1899 is, of course, completely inadequate and out of date, and it cannot cope with circumstances and conditions which have been brought about by our modern society and by our social psychology, if you wish to call it that, which inmates carry with them into the remotest corners of our penal institutions. We feel that in many instances it would be perhaps to the great advantage of the prisoners as well as of society to be in a position to offer rehabilitation to many of the prisoners rather than to have them serve their full sentences or their full terms. I think this is particularly true of the younger inmates, young men and women who are just a little bit older than those whom we consider to be juvenile delinquents. I feel that they perhaps need rehabilitation more than they need punishment. I sometimes believe that their plight is due to the way of life that we have chosen to live, with its very materialistic philosophy. I sometimes feel that somehow we may be responsible for creating in the lives of our young men and women psychoses of many sorts. I believe that we should, particularly at this time, try to rehabilitate to a greater extent in many cases rather than to punish.

For this reason I think that the creation of the national parole board in the form of a quasi judicial body could make possible a far more competent and complete examination of the circumstances and conditions surrounding the imprisonment of an inmate. I also think this body would certainly be in a better position to judge of the effectiveness of granting parole to certain prisoners. For this reason, Mr. Speaker, we on this side of the house propose to vote in favour of this bill.

There is, however, a question that arises in my mind as I read the bill. If the present legislation, namely the Ticket of Leave Act, is to be repealed and to be replaced by the parole act, are we to understand that the Solicitor General will join the ranks of the unemployed in this country?

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to speak for a very few minutes on this measure. I again say that the members of this group are pleased indeed that the minister has given effect to the recommendation of the Fauteux report with respect to parole by the introduction of this bill. I think there is no question that it is a definite forward step in the administration of justice in the humane sense and in the rehabilitation of persons who have transgressed the law. I am particularly interested in this matter because during my experience in this house it has been brought clearly to my attention what could be done to rehabilitate persons who, through unfortunate background—home life in some cases and associations—have committed serious crimes.

Since I have been here I have always found that those responsible for the administration of the Ticket of Leave Act have done the best they could under the provisions of that act. I remember on one occasion a man wrote to me. He had lived in Trail during the war. I never met the man. He asked for remission of sentence. In his letter to me he said that he had been an ardent supporter of mine and that he believed in the C.C.F. policy, particularly on the question of the socialization of the banks. I went to see Mr. Ilsley about the matter, when he was minister of justice, and he very kindly agreed to look into the matter thoroughly. About two weeks later he called me into his office and he showed me the record. He said to me, "Mr. Herridge, I think there is no doubt about it; this man does believe in the socialization of the banks. He has been going ahead with that work quite extensively in recent years". It was his third bank robbery. Therefore on that occasion I did not proceed any further with my representations on behalf of this to me unknown person. However, I mention that as one little humorous incident in a number of what, over the years, have been tragic incidents for the persons concerned.

In recent years throughout Canada there have been a good number of people and groups who have taken an increasing interest in the rehabilitation of persons who have transgressed the law. I am sure that those who take an interest in persons of this class do so for purely unselfish purposes. It is one of those aspects of society in which persons are interested because they have some sense of brotherhood so far as their fellow man is concerned and some sympathy for those who have fallen by the wayside.

I want to make one point before sitting down because I am a great believer in getting support for the law and for its administration. I am quite sure the minister would agree with me that sometimes his officials have not been able to do all they would like to do because they lacked the normal public support in the performance of their duties to meet certain serious problems.

I suggest, therefore, that if this measure is to be fully successful it must receive the co-operation and understanding of each section of the public in this country, and in this connection I should like to read one paragraph from the report of the committee which was appointed to inquire into the principles and procedures followed in the remission service of the Department of Justice of Canada. This paragraph struck me very forcibly. It appears on page 54 of the report, and it reads as follows:

> Finally, it is clear to us that education of the public is essential in order that proper parole principles and procedure may become better understood. Unfortunately one parolee who violates the conditions of his parole often receives such widespread publicity that the whole system appears to be defective.

I am sure that many members of the house would agree with this from their own experience.

> Usually overlooked, of course, at that time, are a substantial number of parole successes in the same community. The decision to grant parole involves the taking of calculated risks and this should be more widely appreciated. Like probation, the success of parole requires public understanding and support.

I am very interested in that aspect of this question and I urge that the minister's department do all it can to enlist the sympathetic support and understanding of representative groups in Canada. I suggest that women's organizations would be very interested in the work of helping to develop a public understanding of this type of legislation. To that end I suggest there should be some sort of pamphlet or news release or at least some sort of information given by the

minister's department to the public and, certainly, to certain representative organizations bringing to their attention the principles involved in this legislation and giving them some education as to the administration of the act, and seeking public co-operation.

Mr. Frank Howard (Skeena): Mr. Speaker, I have just a remark or two to make on this subject, and without reiterating what others have said, may I say I was pleased to see that legislative effect is to be given to the report of the Fauteux committee. I know the committee also made recommendations with respect to other matters under the jurisdiction of the minister in one way or another which are connected with the question of parole, and we hope that those things will be given an equal amount of consideration and will lead to a type of approach similar to that expressed in this bill.

There is one important factor arising out of the bill, and that is the selection of members to constitute the parole authority or the parole board. I know the minister himself would be the first to say that the attitudes, the education background and the philosophy of these individuals must be given paramount consideration, for certainly the parole authority could make or break what is an excellent piece of legislation.

There is one recommendation which the Fauteux committee made which I have not been able to come across in the bill, and I must add that I have not had a great deal of time to look into it and compare it with the report. That was the authority of the parole board to consider, in the first instance, the legality of a particular sentence and to make a comment, if they consider that the sentence was illegal, to the attorney general of a particular province. This matter may be dealt with in the regulations which are to be made following the passage of this bill. Another is adequate preliminary studies and interviews by the board before the normal time that a person might be eligible for a parole.

There are one or two other matters that were dealt with by the Fauteux committee which have been in effect for some time, having to do with the rules with respect to considering whether an inmate in an institution should receive parole or not, and apparently one of the restrictions is that inmates who are in penal institutions because of infractions of the drugs act are not eligible for parole. I hope that the minister, when his ideas and plans for a new approach to the problem of drug addiction and the rehabilitation of addicts are in effect, will also give consideration to relaxing the rigidity of this rule which provides that no parole may be given to these people. If there is to be some scheme for the rehabilitation of drug addicts they should be allowed the same privileges as other inmates are allowed with respect to parole. Other factors may, of course, affect this situation such as people being habitual criminals or having committed other offences in connection with the offence of possessing drugs.

Another very important part of the parole system is that which follows after the parole is granted, or after a person is released on parole, and that is rehabilitative care—the supervision that has to take place after an inmate is released in order that everything possible may be done to ensure that an individual may take a better place in society and make a better contribution to society and not fall back into the ways he followed before he was placed in prison.

These are two or three thoughts, Mr. Speaker, and I hope the minister will take cognizance of them. Possibly further provision is going to be made in the regulations, and I think that if they are, that will be fine and dandy. I hope that after its passage through here and the other place it will not be long before the bill actually becomes law, and that this new system, this new approach with respect to granting parole, may come speedily into effect.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to add just a few words to this discussion as we do not want to prolong it. One of the problems we have come across with regard to parole—and I am happy it is called that now, rather than "ticket of leave" because that may be more in keeping with what we want to accomplish with regard to getting people back into normal society than "ticket of leave" would indicate—one of the problems the federal parliament is going to have to face is the ununiformity of sentences for particular offences.

We probably all know of cases where an armed bank robbery netted the accused 20 years, though in another case very similar, with a different judge and a different court, the same prisoner would have received probably four or five years. I think that one of the considerations which must be taken into consideration is this matter of sentences. There is no uniformity in sentences and that, probably, is as it should be, because we do not recommend that an armed bank robber should have a penalty of 20 years and that one where the accused is not armed should be good for five years or something like that. However, this must be taken into account in granting a parole.

It has been an almost definite rule in the past that half the sentence has to be served and this is not necessarily in keeping with the nature of the crime. Uniformity must be established with respect to penalties and extenuating circumstances must be taken into consideration. It would be well for the parole board to give more consideration to the record of the individual while in prison, his home environment, the kind of family he has and circumstances of that nature rather than considering only the length of sentence first granted. Grave consideration should also be given to the regional problems that develop with respect to sentencing prisoners. We all know if there are 15 robberies in a locality—

Mr. Speaker: Order. I allowed the hon. member to proceed to discuss in general the problem of the inequity of sentences but it does not really arise under this bill and I ask him not to pursue it.

Mr. Peters: I referred to it, Mr. Speaker, only to indicate that in the past the parole was related to the sentence and the sentences had no degree of uniformity.

There are some archaic provisions attached to tickets of leave to which some consideration should be given. A parolee or person on ticket of leave is told he cannot drink alcoholic beverages, enter public houses or associate with women of easy virtue. A number of conditions they are asked to observe are not really conducive to rehabilitation. I urge that some thought be given to changing the archaic language of the regulations under which these people operate when on ticket of leave.

The Minister of Justice (Mr. Fulton) a few weeks ago in the house referred to a particular appeal. With respect to parolees or people on tickets of leave there is a tendency to expect nothing good from them and the vilest rumour about them is accepted as a fact. This attitude and malicious gossip frequently results in the reincarceration of the individual and before he is recommitted he should be given the right of an appeal or hearing before a magistrate. I am not convinced that the Minister of Justice would want recommitted prisoners to serve the full length of their original sentences. After all, the purpose of penal institutions should be to equip people to return to a useful, constructive life in society. The present method of recommitting prisoners militates against the accomplishment of that constructive end.

Hon. J. M. Macdonnell (Minister without Portfolio): Mr. Speaker, as one who when in opposition, in season and perhaps sometimes out of season, used to press for legislation of this kind, I should like to take just a moment of the time of the house to say what satisfaction I have in seeing it introduced now. I should also like to point out that this is not the first time the Minister of Justice (Mr. Fulton) has been responsible for legislation in aid of our criminal laws. When he had been in opposition for only one year he had the distinction of sponsoring and seeing carried a bill in connection with crime comics. I am sure it is a great satisfaction to the Minister of Justice now to be in a position to be able to give wider effect to the qualities of humanity and constructive capacity which I am sure are embodied in this measure.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I thank hon. members for their assistance and thoughtful comments made on second reading. With regard to the great majority of the points raised I believe they can be better covered under the appropriate clauses. I have made a note of them and will endeavour to discuss them when we reach the appropriate clauses.

I wish to point out that I am guilty of an omission when I made my remarks on second reading and I wish to take advantage of this opportunity of rectifying it. The omission is that I neglected to say anything about the role of the after care agencies and the prisoners' aid societies. I mentioned the things with which the parole service must concern itself after the bill is passed as the remission service does now, and it was there I should have said that a very great deal of the success of the efforts to rehabilitate and restore, return to a useful life, prisoners who have been sentenced to penitentiaries, will continue to depend, as it has in the past, on the co-operation of these voluntary agencies.

The hon. member for Kootenay West (Mr. Herridge) mentioned the desirability, indeed the necessity, of instilling an understanding and co-operative attitude on the part of the public toward the problems of the welfare of a parolee. I quite agree with him. In this connection the after care agencies and voluntary agencies can play and have played an extremely important part. There is one area in which I know the officials of the parole board will be able to count on the continued support and co-operation of the public, and that is the area served and represented by these men and women who give so much of their time voluntarily to assist in this work.

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

Clauses 1 to 5 agreed to.

On clause 6—*Review of cases.*

Mr. Fulton: Mr. Chairman, I undertook to answer some of the comments made on second reading and this would be the appropriate moment at which to do so.

The hon. member for Skeena asked a question as to whether the board would review sentences from the point of view of eligibility for parole apart from a rigid formula which requires that half a sentence must be served and the hon. member for Timiskaming also raised a related point. I should direct their attention to clause 6 of the bill which directs the board that it must, at the times prescribed by the regulations, undertake a review of every sentence of imprisonment of two years or more whether or not an application for parole has been made.

It is the thought that in the regulations it will be provided that there will be a preliminary review of every case as soon as possible after sentence for the purpose of what I might describe as classification. As a result of that preliminary review, any outstanding, exceptional or mitigating features in connection with the sentence will, of course, be noted and the case will be classified and noted for parole review accordingly, so that there is flexibility now to be written into the times at which review for parole will be undertaken.

Clause agreed to.

Clauses 7 to 15, inclusive, agreed to.

On clause 16—*Place of recommitment.*

Mr. Peters: Is any consideration being given to the matter of appeals from recommittal warrants which I mentioned?

Mr. Fulton: Yes, Mr. Chairman. I am sorry I missed that. Perhaps I should have mentioned it in connection with clause 12. Recommittal will generally take place under one of two circumstances; first, on conviction for an indictable offence, where parole will be automatically revoked and the parolee will then, of course, have to undergo imprisonment in connection with the new sentence as well as being liable to serve the rest of the sentence for which he was on parole. I do not imagine that my hon. friend had that in mind when he spoke of appeal or review. Probably what he had in mind was the second circumstance under which the man will go back to the institution, and that is where there has been a suspension where, by reason of some activity not amounting to the commission of an indictable offence, but perhaps amounting to a breach of the condition on which he was under parole, a report is received and recommendation made that parole be forfeited. In that case he may also be recommitted. In every such case, on receipt of a report, the parole will be suspended pending an investigation, and the board will then automatically undertake a review to see whether the suspension is justified and the parole in fact should be forfeited or whether on the other hand the suspension is not justified and the parole should be reinstituted. So that, in that type of case it is provided now that there shall always be a review by the board before there is a recommittal to the penal institution itself.

Mr. Peters: Take the case of an individual who is on parole after being sentenced to a 5-year term. He is out for say two and one-half years and he is recommitted for the number of things that are in the present ticket of leave requirement, namely that he cannot associate with certain people, he cannot do certain things. Would he still be required to serve the five years that he originally received?

Mr. Fulton: No, he would not be liable in any case to serve more than that portion of the sentence which remained unexpired at the time he was released on parole. One of the objects of recommittal in such a case would be to prevent the man from committing a further crime, or an indictable offence, to give him, as it were, a fresh chance for parole. The theory is that it is preferable to get him back in time to prevent him from actually committing the new offence, back into an institution where the reformation and rehabilitation program and training may be recommenced with a view toward a further release on parole. So the mere fact that he has been recommitted in such a case does not necessarily mean that he has to serve the full remainder of the unexpired portion of his sentence. That is the maximum that he can serve; but it is quite possible, and indeed it would be the desire of the parole authorities and the prison authorities—to recommence the training and rehabilitation program so that he might, if possible, be released on parole again before the expiration of the full sentence.

Clause agreed to.

Clauses 17 to 23, inclusive, agreed to.

On clause 24—*Repeal.*

Mr. Cardin: Mr. Chairman, I wonder whether it would be a fair question to ask the minister what will become of the personnel of the Department of Justice who are now employed in the remission service?

Mr. Fulton: The hon. member will see that under clause 23 there is provision for the transfer of staff from the Department of Justice to the staff of the new parole board. In actual fact, our present plans contemplate the transfer of virtually all of the staff of the remission service to the staff of the new parole board. There will be some personnel left but since the bulk of the work of this service is now devoted to work under the Ticket of Leave Act it is logical that the majority of them should be transferred to the new service.

Mr. Cardin: What will happen to the Solicitor General?

Mr. Fulton: The Solicitor General is a busy man and I can assure the hon. gentleman he has much more to do than merely administering the Ticket of Leave Act at the present time. His services are valuable and important services and will still be essential to the government and to the Department of Justice in other capacities.

Clause agreed to.

Clause 15 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT

AMENDMENTS RESPECTING GRADE CROSSING FUND

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Railway Act to permit certain grants to be made from the railway grade crossing fund; to credit to the railway grade crossing fund in each fiscal year the sum of $5 million to aid actual construction work for the protection, safety and convenience of the public in respect of crossings; and for certain changes in connection with the administration of the fund.

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

Mr. Chevrier: Will the minister make a statement.

Mr. Hees: Mr. Chairman, I am sure that hon. members will wish me to indicate briefly and in a general way what is being proposed in the legislation that will be introduced following the adoption of this resolution.

As hon. members know, there is a fund known as the railway grade crossing fund from which contributions are made to assist work for the protection, safety and convenience of the public in respect of railway-highway crossings. Section 265 of the Railway Act sets forth the work toward which contributions will be made and the maximum amounts that may be contributed to each project.

One of the purposes of the proposed legislation is to increase, during a period of three years, the maximum contributions that may be made from the fund. The main estimates of the Department of Transport for this fiscal year contain a credit of $10 million to the fund in addition to the normal annual credit of $5 million. It is the intention of the government to provide a similar additional sum of $10 million next year and the following year. These additional credits and the proposed increases in the permissible contributions will, I am confident, serve a double purpose of encouraging the initiation of additional projects to make crossings safer and affording a greater measure of financial assistance than is now available to municipalities and other parties who have to bear the cost of such work.

The present maximum contribution from the fund towards work in respect of a crossing at rail level is 60 per cent of the cost of the work or $300,000, whichever is the lesser. The proposed legislation, and I trust that hon. members will permit me to mention some details, would increase for three years the 60 per cent to 80 per cent and the $300,000 to $500,000. These contributions are available towards automatic protection at level crossings and also, for example, where a grade separation is ordered to eliminate an existing level crossing.

In the case of reconstruction and improvement of existing grade separations, such as a dangerous subway, the present maximum contribution is 30 per cent or $150,000, whichever is the lesser. The amendment will increase the 30 per cent to 50 per cent and the $150,000 to $250,000.

Provision will also be made to permit contributions towards the cost of placing reflective markings on the sides of railways cars. Such markings serve to warn motorists when a train is at a crossing which they are approaching at night.

There is also an amendment to subsection 5 of section 265 to ensure that there will be statutory annual credit of $5 million to the fund. There is a limitation in the present subsection which makes it possible for the annual credit to be less than $5 million if at the start of the fiscal year there happens to be more than $2 million uncommitted in the fund at that time. This limitation is being removed. This, of course, is a statutory annual credit and, as I have already stated, it is being supplemented by an additional $10 million this year and will also be so supplemented in each of the next two years.

Another provision will give the board of transport commissioners power to order that the words "railway crossing" on level crossing signboards be made reflective at crossings where the board so orders. The present section 270 of the Railway Act requires that the words be only painted on the signboards.

The legislation is comparatively brief and I have outlined its principal provisions. I may add that when the bill is given second reading it is my intention to move that it be referred to the standing committee on railways, canals and telegraph lines.

Mr. Chevrier: Mr. Chairman, the legislation announced by the minister in introducing the resolution is of extreme importance not only to parliament but I am sure to all those who are interested in this problem. At first blush the legislation is not only welcomed by this side of the house but will receive our support as it is discussed in its various stages, subject, of course, to any constructive criticism we may have to make as we go along.

As I read the resolution which the minister has brought before the house it is divided into three parts. The first is that a measure should be introduced to amend the Railway Act to permit certain grants to be made from the railway grade crossing fund. The second is to credit to the railway grade crossing fund in each fiscal year the sum of $5 million to aid actual construction work for protection at crossings. The third is to cover certain changes in connection with the administration of the fund, as the minister has explained in greater detail in his submission to the house.

Before I go on with my main remarks I should like to say that I have some difficulty in understanding the second portion of the resolution, namely, that crediting to the railway grade crossing fund in each fiscal year the sum of $5 million. That has already been done, as I understand it and as I will explain later, by the amendment to the Railway Act passed in 1955 found in 3-4 Elizabeth II, chapter 41. I will come back to that in a moment.

At this stage I should like to say that this problem was of such importance that the former administration determined to ask the board of transport commissioners to make a very careful study and investigation of the whole grade crossing problem. An order in council was passed on January 14, 1953 covering the investigation to which I have referred, an investigation was to be made into all phases of the problem of railway-highway crossings under the jurisdiction of the parliament of Canada.

In order not to labour the matter unduly but so that the committee may gather an idea of what the then administration had in mind, perhaps I may be allowed to put on the record the governing parts of the order in council. The board was asked to do three things, first, conduct a survey and report upon methods considered by the board to be practicable, under all pertinent circumstances, to eliminate the hazards and improve the public convenience and the protection and safety of the public at such crossings; second, review and report on the adequacy of the railway grade crossing fund to provide for the construction of works for the protection, safety and convenience of the public in respect of railway-highway crossings; and, finally, to make such recommendations as the board might deem advisable in the premises.

I hold in my hand the report made by the Board of Transport Commissioners for Canada on May 10, 1954 containing a review of the hearings that the board held from one end of the country to the other and a detailed statement of its recommendations. Any one who is interested in the problem of railway grade crossings and the railway grade crossing fund will find in this document interesting reading covering all phases of the problem. The board sat for many months. This investigation was the first of its kind undertaken since the creation of the railway grade crossing fund in 1909 and the board gathered a great volume of data and statistics over a period of 12 months.

I should like to state briefly now what the recommendations were that the board made to the government on May 10, 1954, because they lead up to the discussion now before the house. The recommendations made by the board were eight in number.

The first of these was that an appropriation of $5 million instead of the then $1 million, which was payable into the fund, be made beginning April 1 in any such year. The second was that the contribution provided out of the grade crossing fund be increased from 40 per cent to 60 per cent, with a maximum of $150,000 in respect of any one crossing at rail levels. The third had to do with construction and improvement of grade operations in existence and recommended that the contribution in any one case should not exceed 30 per cent of the cost of reconstruction and improvement, nor exceed $150,000. The fourth, which is interesting and about which I shall have something to say at a later period, states that a contribution should be directed towards the annual cost of maintenance and operation of automatic signals installed at crossings after this amendment recommended goes into force, and that the contribution in respect of any one crossing shall not exceed in any year the actual cost for that year.

The fifth recommendation dealt with cases that came up after 1909. There had been at that time a great deal of complaint with reference to accidents that were happening at crossings that had been in existence after 1909, and the board was powerless, because of the provision in the Railway Act, to deal with them. This recommendation covered that situation. The sixth recommendation was that the board should be empowered to make contributions where it saw fit towards the cost of highway projects which involved the construction of grade separations and the closing of existing crossings. The seventh recommendation was that section 263 of the Railway Act be repealed. Finally, it was recommended that the Railway Act be amended to give effect to the foregoing recommendations.

My predecessor, the Hon. Mr. Marler, introduced into the House of Commons in June, 1955, and prior thereto, legislation which implemented all these recommendations save one. The law as it stands today, therefore, can be found in 3-4 Elizabeth II, chapter 41, which, as I say, implemented all the recommendations that were then made by the board of transport commissioners with the exception of recommendation No. 4 which had to do with the annual cost of maintenance and operation of automatic signals. I do not know whether the legislation which will follow this resolution covers that recommendation made by the board. I was not able to follow, from what the minister said, whether or not it did and I am not aware that it does. I hope it does, because it seems to me that is a recommendation that should be implemented.

May I come now to the problem of grade separation itself? I need not tell this house that the problem is a serious one. There is not one member whose constituency is not, in some way, affected by fatal accidents that happen each year at railway crossings that are unprotected, that are partially protected, or that are even fully protected. The mounting number of casualties at grade crossings is astounding. The statistics show a considerable increase from year to year, but particularly an upward trend since 1938. This is due, in large part, to the steady increase in motorcars. In fact, the increase in motorcars with regard to this problem has now assumed serious proportions. Motor vehicle registrations have more than doubled since 1945 and since 1947 the number of crossing accidents in each year has exceeded 400. There is one motor vehicle for every four persons in Ontario and the western provinces, and about half this density in the eastern provinces of Canada.

Considerable progress has been made in the protection of crossings. However, a greater advancement has been made in the United States than in Canada. In the United States 15.8 per cent of the crossings are protected as against 9.9 per cent in Canada. This may be accounted for by the fact that there is a greater railway mileage per capita in Canada and also a greater number of grade crossings per capita in this country than in the United States.

The next point that comes to my mind is this: what is the most practical and efficient means of easing the problem? First, the problem is, I believe, one which is entirely non-controversial. It is for this reason I believe this legislation will be well received by the house. It is non-controversial because there is no one, as I tried to say earlier, who is not anxious to contribute in any way he can towards reducing the mounting number of these terrible tragedies. No one, particularly if he be a legislator, is going to stand idly by and not approve of legislation that is likely to assist in the reduction of these casualties.

When I say that the problem is non-controversial, such is not the case when you come to a discussion of the methods of assistance and the amount of assistance that should be provided by the federal government. In this field, there has always been a great deal of controversy. There has always been a great many diverging views. In other words, the parties involved feel that the greater part of the cost should not fall on them. The parties involved in this case are, the federal government which is interested because of the railway aspect; the provinces and municipalities who, most of the time, own the highways; and, the railways. The railways are having difficulty, particularly the Canadian National, because of the decreasing volume of freight and because of the increase in the amount of its deficit. The controversy arises, therefore, when it comes to the question of who should foot the bill, and that is a question which we have not only with respect to the grade crossing fund, but which we have in many other fields of governmental activity.

Here, I believe the federal government should keep in mind what I believe it has always kept in mind over the last few years, that it perhaps has a greater responsibility in this field than the other two parties. There is also the question of how these crossings shall be protected. Crossings may be protected in two different ways. They may be protected by grade separation and they may be protected on the same level, by that I mean by means of wigwag signals, gates or partial gates. It goes without saying that the crossing protection is not nearly as expensive as is the separation of the grade.

While there is difficulty with reference to the first form of protection, the greater difficulty arises unquestionably with reference to the second form of protection because that is the one which is so expensive. With the mounting costs of construction today, the difficulty is that much more enhanced. The formula which has been used by the board up until now in dealing with protection at crossings has been the 60-25-15 formula; that is, that 60 per cent of the cost of protection should come from the fund, 25 per cent from the highway authority and 15 per cent from the railways. On the grade separation the formula is somewhat different; it is 60 per cent from the fund and the balance is to be apportioned on the merits of each case between the parties having regard to the circumstances.

I do not want to get myself into a discussion of the terms of the bill, although the minister has been good enough to anticipate that by giving the house some idea of what we may expect in the bill. Still, on the face of it, it does appear that this legislation will certainly assist greatly in the prevention of accidents. However, it seems to me that there is a great deal more that can be done; and this is not said by way of criticism of what has been advanced. I welcome the decision in this legislation to increase the contribution in the grade crossing fund from 60 per cent to 80 per cent. I understood that was going to be the case. I think that is a step in the right direction. What we must not forget is that if there is one of the parties that is in difficulty with reference to this problem, it is perhaps the municipalities. There are some municipalities which are most anxious to have separations where separations should exist and where separations should be constructed without delay, but which have not the funds with which to do it. I believe this legislation will assist them; by increasing the contribution from the grade crossing fund it will decrease their contribution in any one project.

If I may do so, I should like to make some suggestions to the committee dealing with this question. Unfortunately I do not want to take the time to deal with each one of these suggestions but perhaps I could just say one word as I go along in order to explain what the suggestions are. I believe that the first thing the government should keep in mind is to give greater assistance to municipalities (1) with reference to the protection at grade crossings and (2) with reference to grade separations. In so far as this presumed legislation goes, it is welcomed and I hope it will assist in that direction.

The next suggestion I have to make is that the railways, it seems to me, should be pressed into dealing more quickly with the applications that come before the board. I do not say this critically of the railways. However, I think the position is that when an application has been made by a highway authority, be it the municipality or the province, involving a railway—either one of the two great railways of Canada or other railways—it is only normal and natural that the tendency should be to make a prolonged study of the whole project which is submitted to the board for consideration, a study which is sometimes so prolonged that it renders the applicant impatient. It seems to me that some way should be found whereby the railways could be pressed into moving more quickly to deal with the problem.

Again I do not say this in any critical way but at the sittings of the committee on railways and shipping the main witness for the Canadian National Railways indicated what sum of money had been allocated for this problem during the calendar year for which the accounts of the railway were under consideration and I believe that amount was less than $1 million. I questioned it because I thought it was not sufficient. I thought it was not sufficient having regard to the amount of $5 million that comes out of the grade crossing fund each year as well as the additional amount of $10 million now in the estimates. Having regard to the over-all picture of the railway, it seemed to me that that amount was not sufficient. It may be that because of the growing reduction in freight volume and the increase in the deficit of the Canadian National Railways the railways are sometimes tempted not to deal as quickly as they otherwise would with these applications.

The third suggestion I should like to make is that there should be established an advisory committee. I do not claim any paternity for this idea. It was discussed at some length by the parties who submitted briefs and representations to the board of transport commissioners in 1954. At page 67 of the report there can be found a comprehensive statement of the plan that was submitted. I think here I should commend the Canadian National Railways for the plan which they submitted to the board at that time. That plan seemed to me to have a great deal of merit. Unfortunately, because of other considerations set out in the report, the board of transport commissioners gave the reasons why they did not think that it should be put into effect at that time. Nonetheless I believe that an advisory committee should be established of all of the parties concerned; that is there

should be an advisory committee representing the railways, the provinces, the municipalities and the board of transport commissioners. I believe that such an advisory committee should meet once a year or twice a year, if need be, to consider all the applications across Canada, including all the applications coming from the provinces. To me this would be an excellent thing because here would be construction projects which could be used for all-year employment and particularly for winter employment. The consideration of that proposal is to be found in the report. I believe it is worth studying.

Then I recommend that there be established a sub-committee of the board of transport commissioners to deal with these cases. Here again, I am not suggesting in any way that the board of transport commissioners cannot deal effectively, as it is now constituted, with the applications that come before it. What I am saying is that the board of transport commissioners in this day and age has very many other responsibilities having to do with freight rates, pipe lines, water rates and many other important activities. So it would seem to me that the board would be well advised to set up a subcommittee of itself composed of three members or even fewer to go about the country and deal with the applications as rapidly and effectively as may be.

Finally, it seems to me that there should be greater co-ordination between the parties interested in this problem. After all, instead of three parties concerned getting away from each other it seems to me that they should be brought closer and closer together. This is not exclusively a federal problem. Because of the constitution it falls also within the jurisdiction of the provinces and the municipalities, and since this matter is becoming more and more acute it seems to me that the parties should be co-ordinated and brought closer together by means of consultations once a year, twice a year or even more often so that the problem might be dealt with more efficiently and so that the protection which all of us want can be given to the public faster as the applications develop.

These are the five suggestions which I make to the minister, and I am sure he will realize at once that they are not made in any destructive manner but for the sole purpose of being helpful with reference to this all-important problem. I do not want to resume my seat without pointing out to the committee that this is not the first time that the problem has received the attention of the government. I cannot remember one occasion during the nine years when I sat on the other side of the house as the minister of transport when it did not occupy a great deal of the time of hon. members, either by way of discussion on the estimates or by way of discussion under the legislation which was brought down from time to time. The most comprehensive and the best report on this whole question is, as I said, to be found in the report on the railroad-highway crossing problem in Canada which was published on May 10, 1954, pursuant to an order in council.

To the extent that this resolution and the bill which will follow will not only implement the recommendations contained in that report and will go beyond the legislation brought down by my predecessor, it is welcome, and I can assure the minister and the house that it will receive the wholehearted support of the members who sit on this side.

Mr. McGee: Mr. Chairman, I should like to take just a moment before six o'clock to congratulate the minister on this legislation which will be of such obvious advantage to the constituency which I represent.

I should like to refer just for a moment to another aspect of this announced legislation which concerns the marking of the freight cars to which the minister referred in his opening remarks. This is a matter which has come to my attention over the years from a number of sources and from no source better qualified than Bert Long of the Willowdale *Enterprise* who for some years through his editorial columns has urged some action in this regard.

I wish again to congratulate the minister for the progressive step he has taken in the direction of marking freight cars adequately so as to prevent the recurrence of so many accidents which have occurred at level crossings at night.

Mr. Peters: Mr. Chairman, may I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Peters: Mr. Chairman, we in this group welcome the proposed amendments to the Railway Act particularly in view of the fact that the increased number of cars on the highways today has made the incidence of accidents much higher. It has been reported that in 1909 there were less than 5,000 automobiles in Canada and in 1958 there are approximately four million motor vehicles on our highways. This indicates something of the scope of the problem concerning grade crossings many of which are in rural areas.

I have a personal interest in the present amendments because it was only four years ago that my uncle, aunt and four of their children met their death when the motor vehicle in which they were travelling struck a diesel engine as they were driving to church one Sunday morning. I am sure all hon. members know of accidents that have occurred at crossings where no accident should have occurred. My aunt and uncle were survived by several children who even today suffer as a result of the untimely death of their parents. My uncle had lived in the area where the accident occurred all his life and had frequently travelled the road and passed the crossing. He knew exactly when the trains came and could anticipate their time of arrival. The visibility was not too good on the day of the accident and my uncle's car and the diesel engine arrived at the crossing simultaneously. Here was a person who knew the area well and was familiar with the schedules of the trains. He was a cautious driver, was always on the lookout for trains and it was reported that he was driving at a speed of 20 miles an hour at the time of the accident. This type of thing leads one to wonder how accidents of this kind can occur.

I am pleased to welcome the amendments to the act which will assist in meeting the problem. The railway with which we are concerned in my area is the Ontario Northland railway. We discussed the accident with the commissioners and made several recommendations to them. It was pointed out that when the railways switched from the use of steam engines to diesel engines the latter had a different sounding whistle. The warning whistle on steam engines could be heard for a considerable distance but it has been borne out by investigations that the warning whistle on diesel engines tends to funnel the sound forward and it is not heard to any extent on either side. We recommended the adoption of whistles like those used on steam engines with which people are familiar and which are loud enough to provide adequate warning of the approaching engine.

Another recommendation that was made was that strips of Scotch light tape be used at the front of engines and cars and along the sides and I am pleased to observe that a provision to this effect is included in the amendments before us.

The solution to the number of motor accidents at grade crossings will not be entirely met by the construction of over-passes and under-passes because many people and particularly young men have been killed on them. These appear to exert a fascination over youths. When going through an underpass in an old car the exhaust makes a lusty noise which I suppose encourages the young drivers to travel faster. There is also the danger created by snow, ice and sleet conditions particularly in under-passes. I am convinced that no one solution will be arrived at to meet the problem. One measure that would contribute to safety at crossings would be the erection of signs bearing print outlined with Scotch light tape similar to that used on highway signs. It is visible at night and more effective than the cross-arm signs the railways now use. This could be adapted for railway use and I am sure it would result in saving many lives.

We cannot emphasize too strongly the need for improving grade crossings. One night last winter during the election campaign I was travelling in a rural area with which I am not completely familiar. I had taken a shortcut and as I drove along the side road I was startled to see the headlight of an approaching train a few hundred feet down the track. Prior to that moment I had not been aware of a railway crossing because I had seen no signs. Any moneys spent in improving the safety at railway crossings are spent for the benefit of all Canadians and the minister is to be congratulated for the amendments he is now introducing.

It must be borne in mind that it is easier for the federal government to pay its share of projects of this kind than it is for the municipal and provincial governments to pay their shares.

Speaking in this house on April 18, 1955, when the Railway Act was being revised the present Minister of Finance cited some figures which I believe should be placed on the record again. After speaking of the number of accidents that occurred at crossings and outlining the need for increased protection the hon. member said, as reported at page 2905 of *Hansard* of that date:

> What has been the contribution to the solution of this problem by various types of crossing protection? A further glance at these figures indicates that over three-quarters of these accidents which have occurred at public highway crossings on railways have occurred at unprotected crossings.

Later in the same debate he said:

> Then in the case of accidents that took the form of motor vehicles running into the side of trains—and there are many of these accidents—last year there were 140 of them, of which 46 occurred in daylight hours and 94 during the night hours.

The provision in the amendments before us for illuminating the fronts and sides of engines and of boxcars with fluorescent tape will eliminate to some extent the large preponderance of accidents that occur after dark. A friend of mine was driving along a road in Porcupine a year or so ago under bad conditions. There was a slight amount of

rain and some fog. Although he knew the area quite well visibility was bad and he was driving at dusk. He drove into the side of a slow-moving freight train and broke his leg and sustained other injuries. In this particular case if there had been any kind of warning on the sides of the box cars this accident would not have happened because he would have been able to see the train long before he did. Further development is necessary to protect the Canadian public on open railway crossings.

I would ask the minister to give some consideration to the matter of changing the type of horns the diesels use because I know myself that it was much easier to hear the old steam whistle than it is to hear the modern diesel whistles. I am also aware of the fact that the government of Ontario has done some development work in this field. They realize the problem but to date they have not seen fit to complete the development so that it can be made available to the industry. I would ask the minister to give some attention to that form of protection.

Mr. Small: Mr. Chairman, the matter of railway grade level crossings is one in which I have taken an active part for the last four or five years. The question has been before the house continuously. It goes back to the beginning of the century and the cry that we have always heard is that the work was not being accomplished fast enough and sufficient funds were not appropriated to cover the situation. In fact, we have been told that the problem of grade level crossings was getting beyond the power of the board of transport commissioners to cope with because of cost. The last time the figure was given it was in the neighbourhood of 33,000 grade level crossings of one kind or another. In the neighbourhood of 2,000 to 2,500 were classified as grade separations.

During the last three years a request came from all sides of the house, irrespective of party, that the amount of $1 million a year which was appropriated to take care of the situation should be increased. It was also said that the decrease in the percentages that the board of transport commissioners required the municipalities and the railways to pay was even beyond their ability. An appeal was made that the matter be looked into again and that the board of transport commissioners undertake a review of the situation. In 1954 the board brought down a very comprehensive report. They covered the problem very well, but the sum and substance of their report was that the problem was of such magnitude that it was practically beyond the capacity of the government to solve the problem.

[Mr. Peters.]

At that time we appealed to the government for an increase in the funds and the government increased the contribution to the fund from $1 million to $5 million. They increased the percentage which the board of transport commissioners would pay to 60 per cent, 25 per cent by the municipalities and 15 per cent by the railways. But that was also too low. At that time we asked the government to increase the amount to $15 million and also increase the percentage that the board of transport commissioners should pay to relieve the municipalities and the railways themselves of as much of the burden as possible. As I said, we asked for $15 million. Of course, the government of the day could not see its way clear to appropriate that amount, but this government in its wisdom increased it last year to $15 million for the time being on a make-work basis. I am pleased to hear that they have also increased the maximum amount that the board should pay, but it has not yet been determined what the railways or the municipalities will be asked to contribute. I appeal to the minister to make representations to the government for a larger amount.

If hon. members take the trouble to read the 1954 report of the board they will see that they outlined a hypothetical program that would cost $30 million a year. Spread over 25 years it would amount to $750 million to inaugurate a program from coast to coast which would attempt to do something about this problem which is causing great concern to the people of Canada. But after stating that, the sum and substance of the report was that it would take care of only some 1,400 grade level separations of a major nature. Grade separated crossings generally cost from $1 million to $2,350,000. Inflation has raised that cost to a greater amount. These are the crossings where the most accidents happen.

The hon. member mentioned the rate of accidents. I do not think the percentage has changed to any great extent. Every three days two people are killed somewhere in Canada on grade level crossings. About a year ago the government did inaugurate a program that was started by what was called a national safety council, which is similar to the Ontario safety league. This was to be a national safety league. The president of the Shell Oil Company was the chairman. He succeeded Mr. Claxton, who was at one time minister of national defence. Mr. Claxton took charge in the first year and then he was succeeded by Mr. Ash of the Shell Oil Company. They were to inaugurate a safety system throughout the Dominion of Canada to try to co-ordinate safety regulations from

one end of Canada to the other and endeavour to keep them uniform. Signs at the crossings were to be put far enough from the crossings to give sufficient warning to motorists. The difficulty was that they ran into trouble with the municipalities with respect to the maintenance of those signs and for permission to encroach and the responsibility for enforcement. These are the things that came up in the discussion about grade level crossings the last three or four years.

I would suggest to the government that they give careful consideration to the hypothetical program outlined by the board of transport commissioners and consider it carefully on a make-work basis, particularly when unemployment is prevalent.

The board of transport commissioners have plans for grade separations. They take a long time to construct and they cost plenty but a start should soon be made on them. The sum of $30 million a year would be a great help and it would spark the program to make work in Canada at this time. As the situation is today we are not keeping up with the number of new grade level crossings created throughout the year. This program would not only reduce the hazards of grade level crossings but it would also serve the purpose of making work. I would certainly suggest that the minister take another look at it to see if he cannot increase the amount put into the fund and also go into the situation more thoroughly because the railways are in the position where they cannot pay. The municipalities are finding it almost impossible to meet the burden of cost and they cannot raise any more money by taxes. Probably, in the circumstances, and for an interim period, the government should take on the whole cost of constructing grade level crossings and try to solve the problem and this is the only way it can be done.

I could give details on how many grade level crossings need to be protected, how many wig-wags there are, the number of people being killed, and so on. The fact is that the situation is getting beyond us and the board of transport commissioners admits that is so. They claim that $30 million a year would only begin to scratch the surface. Therefore, if the government would reconsider the percentage basis on which the municipalities and railways have to contribute and allot more money to take care of the problem I know this would be a progressive improvement. Before the resolution carries I should like to ask the minister when the municipalities and railways will be able to take advantage of the new arrangements under this legislation.

Mr. Hees: Any project authorized by the board of transport commissioners after January 31 of this year becomes eligible for the increase in percentages and the increase in grants.

Resolution reported and concurred in.

Mr. Hees thereupon moved for leave to introduce Bill No. C-52, to amend the Railway Act.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall this bill be read the second time? Now, by leave?

Some hon. Members: Agreed.

Mr. Hees moved the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. Hees moved that the said bill be referred to the standing committee on railways, canals and telegraph lines.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Hees: Mr. Speaker, the chairman of the committee on railways, canals and telegraph lines has asked me to announce to the house that the committee will meet to discuss the bill at two o'clock tomorrow afternoon in the railway committee room.

Motion agreed to and bill referred to the standing committee on railways, canals and telegraph lines.

EMERGENCY GOLD MINING ASSISTANCE ACT

AMENDMENTS TO EXTEND APPLICATION AND INCREASE AMOUNT

The house resumed, from Monday, August 11, consideration in committee of the following resolution—Mr. Comtois—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1959 and 1960 and to provide for a 25 per cent increase in the amount of assistance for the years 1958, 1959 and 1960.

Mr. Peters: Mr. Chairman, when this resolution was under discussion last Monday I was saying something about the problems some of the mines have and I was pointing out that the subsidization of the Hollinger mine, for instance, amounted to something over half a million dollars and they paid a dividend on a profit of something over a million dollars. The payment of that subsidy has certainly had some effect on the profits that particular mine has been able to make

in the last few years. While that subsidy has been advantageous for Hollinger, on the other hand the largest gold mine on this continent, Kerr-Addison in the Larder Lake group, has never been able to qualify at any time for emergency gold mining assistance. They still sell their gold on the open market and therefore if any impetus is going to be given to that particular mine it has to be done in a different manner.

This problem has been discussed at great length by numerous people. In the past commissioners have been set up by provincial and federal governments to discuss the problems of the gold mining industry. A number of suggestions have been made and it is accepted that the problem is one concerning which the federal government is going to have to do something. In "A Social Approach to Economics" published in 1939, pages 506 and 507, Professors H. A. Logan and M. K. Inman have pointed out that the economic philosophy of our society has accepted the concept that every commodity should sell for enough to cover all of its legitimate costs in its price.

In the case of gold, if prices are not sufficient to cover the cost of producing the quantities of gold which our country may require, there are two alternative public policies which can be adopted. The first one is to raise the price of gold. This, however, the nation cannot do independently of other nations. I suggest that it can be done if the government will make the necessary changes so that it can buy gold and store it in the same way that the United States does. If we raised the price of gold to $45 or $50 an ounce or even $70 an ounce, as suggested by some in the gold mining industry, this would have a great influence on the amount of money that would be available in Canada and the expansion that could take place because of the gold being held in reserve in this country. It would also be advantageous to mines like Kerr-Addison that have not been able to receive any federal subsidy.

The second policy is for the nation to absorb or reduce some of the production costs of the marginal firms in the industry through various forms of subsidization. This the nation has done through cost-aid grants, taxation concessions and in other ways. Cost-aid grants have gone largely to firms operating at a cost well below the $35 margin. They have resulted in lower employment, wages and output than would have been obtained if the same amount of subsidies had been distributed directly to labour. In the case of the mines in the Porcupine camp, the 1951-52 cost-aid grants were equivalent to about $450 per year per worker. You can see that the increase of 25 per cent now being made will amount to less than $150 and thus it can be seen that even if all this money were given to these particular mines the situation would not be a great deal different from what it has been.

Looking at the situation on a long term basis, I think that the first thing that will have to be done is to remove the word "emergency" from the federal government's cost-aid program. Conditions have not changed for the better in the years that the legislation has been in force but have worsened. The costs of all requirements of the mines have risen rapidly while at the same time the price of the product has been pegged at the world market price, with the mines at times receiving less than that amount because of the premium on the Canadian dollar. Therefore we are going to have to continue this form of subsidy on a long term basis.

Second and more important, I think we have to give more consideration to the establishment of new secondary industries in northern Ontario. We are going to have to have diversification of industries. In my opinion the federal government has an obligation to see that the towns of Timmins, Kirkland Lake and Larder Lake do not disappear even when there is no more gold. When speaking the other day on the northern affairs estimates I suggested that the problem probably could be solved in part by the establishment of a new trade route through northern Ontario and James bay and Hudson bay as an alternative to the St. Lawrence seaway. Such a long term program will need assistance and I think that the government could quite easily divert a percentage of the assistance it is now giving under the Emergency Gold Mining Assistance Act toward developing this new trade route. Secondly, some of this aid that we are now giving to the gold mines could be advanced to other industries.

There are a number of other things, in addition to the emergency gold mining assistance, which are done for the gold mining industry. When a new mine comes into production, it pays no taxes for the first three years. If we were willing to extend that type of concession to secondary industries it would provide an inducement for them to come into northern Ontario. We also have a railway there, and I am quite sure that consideration could be given to an inducement to secondary industries in the form of lower freight rates on certain commodities that they use.

This problem has become apparent not only to the chambers of commerce, the miners who work in these areas, the citizens of the area, but it has become apparent to the municipalities. I referred to this booklet entitled "The Gold Mining Community", published by the municipalities. I should like, in closing, to read the last paragraph in which reference

is made to this need for secondary industries, as well as the need for a long term program so that development will move forward rather than become stagnant waiting for the mines to die or get a little better price for their products. They point out what it takes to start a secondary industry and the basic requirements needed for the development of secondary industries as well as some of the problems we have in northern Ontario in that regard. They end up with this statement:

> The drive for economic diversification is strong in the gold mining communities, whose residents and leaders are well aware of their position. What is required is something more than hard work, optimistic talk, and detailed planning. That something consists essentially of potential markets, for without them productive potential means nothing. The southern front of progress comes to mind first. But if the northland is to rescue the gold mining communities, they will have to survive until northern promise comes to fruition. As in the case of underwriting gold, then, the subsidizing of economic diversification is essentially a play for time.

I would suggest to the Minister of Mines and Technical Surveys that he could do a great deal for the communities of northern Ontario that are now totally dependent upon gold mining if he would give consideration to some of the requests that these municipalities have made. He, first, should remove the word "emergency" from the Emergency Gold Mining Assistance Act, and make it the gold mining assistance act so the mines would know this assistance would be continued year after year. Secondly, he should have an amendment written into this act that would require the mines, when they receive this subsidy, to turn at least part of it over to the miners in the form of higher wages, a pension plan and better fringe benefits. The municipalities have now realized, for the first time, in the presentation of this brief, that the miners themselves are the people who keep the mining communities alive. If the miner gets more money he will spend it in the community, and that will result in better conditions for everybody. If mines like the Hollinger are to turn this subsidy over to their coupon clippers, many of whom do not even live in Canada, then these mining areas are not going to receive much benefit from this legislation.

Resolution reported and concurred in.

Mr. Comtois thereupon moved for leave to introduce Bill No. C-53, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall this bill be read a second time? Now, by leave?

Mr. Comtois moved the second reading of the bill.

Mr. Peters: I should like to ask the minister if he will give consideration to amending the bill to ensure that some of this gold mining subsidy is put into a form that will directly benefit the miners and the mining communities?

Mr. Speaker: Does the house consent to the second reading of this bill now?

Some hon. Members: Agreed.

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

On clause 1—*Application of act to years 1955 to 1960.*

Mr. Dumas: Before we pass clause 1, I should like to ask one question of the minister. Does the minister propose that the amount of aid which will be due to the gold mines will be paid in one lump sum immediately after the act is proclaimed?

(Translation):

Mr. Chairman, I might address my question to the hon. minister in French. I wonder if, owing to the retroactive nature of the act, the minister could tell us if the government intends to pay in a lump sum, as soon as the legislation is passed, the subsidies that will become due as from January 1, 1958?

Mr. Comtois: Mr. Chairman, if the applications reach us so that we can proceed in this fashion, we shall be pleased to do so. We can pay them in a lump sum up to the date of the application, provided applications have been received from the companies.

(Text):

Mr. Peters: I would again like to ask if the minister will amend this bill so that part of this subsidy will be returned to the workers in the form of wages. As it is now, in a good many cases this money will be used for the payment of dividends, and none of it will be returned to the municipalities. As I understand it, the reason for this emergency gold mining assistance is that the mines are in desperate straits. This is caused by several factors, one of which is that they are not able to get the proper type of employee because the wages paid are too low. The municipalities have pointed this out very clearly on a number of occasions when they have communicated with the minister.

If the money goes into the form of wages, that money returns to the municipalities and assists those municipalities. Before this resolution passes I think some consideration must be given to the dire need in which the municipalities find themselves and in which

the workers in these municipalities find themselves. I do not think that the minister intended to pay these moneys in the form of dividends to the mines. I think he is interested in seeing the continuation of the communities. If that is so, I think there should be some amendment which would allow this to take place.

Mr. Comtois: I think we cannot agree on that matter. This would mean that the government would control the salaries and wages. I do not think that is the purpose of the act or of the amendment to the act. It is a matter of collective bargaining between the employees and the employers. It is also a provincial concern. I am sorry, but we cannot agree on that point. In addition, may I read a letter which I have just received today. It is from the secretary of the Timmins industrial commission. With the permission of the house I will read it.

Some hon. Members: Agreed.

Mr. Comtois: It reads as follows:

Honourable Sir:

On behalf of all gold mining communities of Canada may we at this time extend to you our appreciation and gratitude on the recent announcements pertaining to the Emergency Gold Mining Assistance Act.

The following is a resolution passed at a recent meeting of the town of Timmins industrial commission and we quote:

Proposed by H. Brunette

Seconded by W. Brewer

"That a letter of thanks and appreciation be sent to the Honourable Donald M. Fleming, Minister of Finance, and that this commission go on record on behalf of all gold mining communities of Canada in supporting the announcement of a 25 per cent increase in the Emergency Gold Mining Assistance Act, and that this commission is vitally interested in the longevity and continued extension of the said act on a longer term basis, so that gold mining communities may have a better opportunity for long range planning."

Carried.

Again, Honourable sir, we thank you and your colleagues, the federal government for your kind interest in alleviating in some way the problem facing the citizens of gold mining communities.

All of which is respectfully submitted.

Gordon J. Ogilvie.

Mr. Regier: Mr. Chairman, I heard the minister's argument and I cannot see how his argument is a valid one. After all, the federal government is paying a great deal of money to Canadian enterprise or to other levels of government and is attaching conditions to such payments. I fail to see why in this case the government cannot, in agreeing to increase the subsidy by 25 per cent, attach a condition to such payment. For example, the federal government will pay a portion of the cost of a bridge on the trans-Canada highway provided the bridge is a toll-free bridge. There is a condition there which the provincial government is obliged to meet. Even in the payment of the subsidy itself, the mines must meet certain conditions.

I fail to see why one of those conditions could not well be that part of this federal subsidy be payable to the employees; that a company must be able to convince the minister that the employees concerned have shared in the benefits or will share in the benefits; and that unless the company concerned is able to satisfy the minister that the workers actually will share in this subsidy then the subsidy shall not be payable in such cases. I believe that if the government wanted to do so it could easily insert such a condition for the payment of the subsidy.

After all, we are not primarily concerned with the welfare of the companies. We are taking this money from the taxpayers of this country. The taxpayers are paying this money in order to keep the employees employed and they would like to see these employees employed at normal wage rates. The minister knows full well that those wage rates for that type of mining in these gold mining communities are not normal; they are less than normal. The favourite complaint for many long years now—and I have heard the complaint for five years now—has been that these companies have not shared the subsidy with their workers that they have taken the subsidy and have regarded it as their own and that thus the intent of the subsidy has been lost in a goodly number of cases.

The letter read by the minister from the town of Timmins expresses, of course, the attitude that all of us have. We are glad that assistance is being given. However, that letter has nothing whatsoever to do with the request that was made the other day by the hon. member for Timmins and is now being repeated by the hon. member for Timiskaming. We feel that day is past when we can continue to subsidize the dividends of corporations with taxpayers' money without having some regard for the welfare of those employed in the mining industry.

Mr. Peters: Mr. Chairman,—

An hon. Member: Oh no; not again.

Mr. Peters: Oh, yes. Mr. Chairman, some of the concern of the minister I think is quite unfounded when he continues to pay this subsidy only to the mines. I worked in those mines for a number of years. The conditions in those mines are substandard by all considerations. Yes; in those days when the mines were well off, when we heard about the high wages the miners got in depression days, even then the conditions in the mines were substandard. You will have

to understand that there are people working underground today in my area who are getting less than $1.10 an hour. Those men are working underground eight hours. They have no pension plan. Some of the mines are poorly ventilated. The conditions are very poor. They are having to meet a standard of living that costs them more than it costs you and I in the city of Ottawa in regard to groceries and other food commodities. Our transportation costs have raised the price beyond that in many of the southern cities. With regard to medical attention the situation is the same. Their costs of living, with the one exception of housing, are higher than those in any part of southern Ontario. Those people have no pension plan to fall back on. They have very few fringe benefits. They fought very hard to get their conditions reduced to the 44-hour week. They do not get the benefit of the 40-hour week as is the case in other industries. They have not many of the considerations that others get. When they want to establish a union in that area, they go on strike for six or eight months to fight for basic union security and are unable to accomplish even that.

I have not too much sympathy for many of these companies. The minister knows of another problem that has arisen in mining and that is this low grading of the mine. He can hide his head if he wishes through his inspectors or he can admit it if he likes, but I can tell you that there is low grading going on in the mines in the Porcupine area. I know of people who have gone into those stopes that are closed year after year and have taken one carload or two carloads of muck out—four or five tons, ten tons at most —so as to build up their millheads to bring the price of the product up to where they want to keep it. They are operating at the lowest possible amount so that they can get the highest possible subsidy. That is not true of many of the mines that are what are called marginal mines. But it is true of McIntyre, Hollinger and Broulan and Porcupine reef and it is true of Big Dome. These mines have ores which could have been mined a long time ago, but the companies are not mining them because they have been living on this subsidy. If the government continues this type of assistance the moneys are only going into the pockets of the shareholders and are doing very little to keep these communities alive.

I know personally the people who wrote that letter, and none of them are connected with the mining industry, and none of them are connected with the workers. They have a community to look after, and they appreciate another 25 per cent being paid to the gold mining industry, but a lot more good could be done if this money was getting into the pockets of the workers so that they in turn could put some into the pockets of the municipalities, the small businessmen and others who make up the backbone of communities of this type.

The mines have been carrying on practices of bad housekeeping for many years. They would not have done this had the price of gold been high enough. If the price of their commodity had been high, they would have done all they could to get out as much ore as possible before the price fell again. If the government is going to carry on with this system of subsidization I think the minister has an obligation to see that the people who work in this industry have an adequate standard of living, and I should therefore like to move the following amendment:

That the said increase of 25 per cent shall be paid by this government only to companies who agree to extend a substantial part of the increase to their employees by way of increased wages and other benefits.

Mr. Argue: Mr. Chairman, before you make a ruling on this amendment I wonder if I may have a word to say on it? I suggest that the amendment comes within the scope of the terms of the resolution. The resolution provides for an increase of up to 25 per cent in the subsidy under the Emergency Gold Mining Assistance Act. This amendment is merely a detail, though an important detail, which would direct that the subsidy should be paid to those companies on certain conditions being met, and I think that is very definitely within the scope of the resolution. It does not alter the principle of the bill but it merely directs a company to provide certain working conditions if they are to receive a subsidy. I think that at any time when the federal government is making a subsidy of this kind it has the right to lay down certain rules, and this is one rule that we suggest should be made in this bill.

The Chairman: After reading carefully the amendment proposed by the hon. member for Timiskaming the Chair comes to the conclusion that it cannot accept it because it is contrary to the bill now before the committee. In order to accept such an amendment permission would have to be obtained from the governor general, and it is quite impossible at present to accept this amendment in its present form. Therefore the Chair declares this amendment out of order.

Clause 1 agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

An hon. Member: No.

Mr. Speaker: Next sitting of the house.

MARITIME COAL PRODUCTION ASSISTANCE ACT

AMENDMENTS VARYING TERMS OF REPAYMENT UNDER AGREEMENT

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with the Dominion Coal Company Limited, for the purpose of varying the terms of repayment of principal and interest as provided under section four of the act.

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

Mr. Robichaud: Would the minister give us an explanation of this, please?

Mr. Comtois: Mr. Chairman, on March 14, 1950, an agreement was entered into to cover a loan of $7,500,000 for the purpose of mechanization of the company's mines in Cape Breton, Nova Scotia.

The amount to be loaned was two thirds of the cost of the entire mechanization project. Interest was to be 3½ per cent per annum payable every six months at 30th June and 31st December. Repayment of the principal was to commence on the 30th June, 1955, at the rate of 30 cents per ton of coal produced in the preceding six months and similarly on the 31st day of December and 30th June in each succeeding year. The first payment was made on 30th June, 1955, but was based on the tonnage produced only by the equipment purchased under the loan agreement.

The Department of Justice ruled that the payments of principal should be calculated on the basis of the tonnage produced by all of the mines. The company felt that this was greater than they could pay at that time as the project was still two to three years behind time and all of the $7,500,000 had not been drawn by the company.

By authority of P.C. 1956-327 the loan agreement was changed so that the company could pay, up until 30th June, 1960, by calculating at 30 cents per net ton on the tonnage produced by the equipment purchased under the loan agreement.

[The Chairman.]

After 30th June, 1950, payments were to be based at 30 cents per net ton on the coal produced from all of the mines. Early in May, 1957 the company requested postponement of further capital repayments until 30th June, 1963, due to the fact that the program of mechanization was several years behind schedule and they still had over $1 million to draw of the $7,500,000 approved loan. To date, of the $6,476,524.92 advanced as loan, $1,278,278.70 has been repaid at an interest of 3½ per cent yielding $921,345.62. Of the original loan agreed upon, there remains a balance to be loaned of $1,023,475.08. The new amendment to the agreement would mean that an amount of $6,221,721.30 would have to be paid at an interest of 4 per cent per annum.

No payments on account of principal have been made for 31st December, 1957 and 30th June, 1958, pending negotiations. The amount in default is approximately $750,000. No funds have been advanced to the company since they have been in default of payment of principal.

Mr. Robichaud: Mr. Chairman, as explained by the minister the resolution now before the committee has to do with amendments to the Maritime Coal Production Assistance Act concerning an agreement with the Dominion Coal Company for the purpose of the repayment of principal and interest as provided under the terms of section 4 of the act. According to the statement made by the minister the company has been in default on two payments, the first on December 31, 1957, and the second on June 30, 1958. These have occurred after this government took over the administration of this country and are due to the change in the economy of Canada.

I realize this company has no alternative but to accept the present offer which is being made under this act. Hon. members of this committee know that the 1946 royal commission on coal which was known as the Carroll commission had been assigned the task of making a complete and extensive study of the coal industry including, as the minister just said, its mechanization, productivity and labour-management relations. The Carroll commission recommended proper action by the federal government in order to meet the needs of the industry on all levels. Following this recommendation and as a result of this study the Maritime Coal Production Assistance Act was enacted. Its purpose was to meet the main problem of the coal industry, rising costs, and to allow the industry of the maritime provinces to compete with other sources of power or fuel.

According to the terms of this act loans were made available to meet the cost of the

mechanization program. As the minister indicated, two-thirds of the cost was met by government loans and one-third by the company. There is no question but that a coal company could not borrow money from any other source on conditions as favourable as those that obtained with respect to this loan. The federal government made the loan at 3½ per cent interest.

The present amendments do not alter the main concept of the act in any way. This act was introduced by the previous administration in 1950. It was found at the time to be sound and as the present government is today amending the act by extending the repayment period the present government recognizes that the act is still sound. It may be that the cost of the production of coal in the mines has not been reduced in the way which was expected but we hope when the program is completed the full benefits of the mechanization will be realized. It is clear, however, that this mechanization program has resulted in increasing the production or the per diem output of the coal mines concerned. In fact, by 1955 the productivity increased 45 per cent above the level of ten years earlier. In 1955 production was 2.33 tons per man day as against 1.58 tons per man day in 1945. This was due to the assistance given under this act.

It is also clear that the present minister has not changed in any way the general outlines of the coal policy established by the previous government. In his statement he mentioned certain changes in subventions but those rates have been changed to meet new problems. That was a practice well established in the past as increases have been introduced at various intervals by the previous administration.

It may be a good idea to extend the life of loans but the increase in interest might be considered a further instalment of the tight money policy of the present government, or perhaps a totally new concept. We were told a few weeks ago there would be a bond conversion in this country. The commission alone on this conversion will amount to $70 million or $80 million. Today this company under difficult circumstances is being forced to accept a loan on which it will have to pay an increase of one-half per cent in interest, not only on the balance of the loan but on the original amount of $6,231,721.

I should like the minister to tell the committee if the balance to which he referred of approximately $1,200,000 of the money not used to date by the company is sufficient to complete the program recommended by the Carroll commission? I should also like him to tell us if such assistance has been provided to other coal companies in the maritimes and, if so, what is the standing of the loans made to these companies?

Mr. Argue: Mr. Chairman, we in the C.C.F. support this resolution. I believe the bill which will follow the resolution is necessary because of the peculiar circumstances surrounding the loan that was made some years ago to the Dominion Coal Company. We all realize the very difficult position of the coal industry in this country particularly in the maritime provinces. We are aware the benefits under this act will not restore the coal industry to a healthy state but much like the Emergency Gold Mining Assistance Act in relation to that industry will merely keep the coal industry in a state of operation.

There seems to have been some dispute as to the method of repayment of the loan made in 1950, the government believing that the Dominion Coal Company should repay the loan by paying 30 cents on each ton of coal that was mined and the company taking the position that it was liable to pay 30 cents per ton only on the output which came as a result of the installation of the new equipment. These amendments will correct this misunderstanding and provide for repayment after June 30, 1963.

One of the most important changes that will be made is the increase in interest rates. This demonstrates once again that the announced policy of this government, as it affects the reconversion of Canadian governments bonds, is having its repercussions in every government action and will be felt throughout the Canadian economy. At this time we are going through a period of rising interest rates brought about by deliberate government policy to increase interest rates. The interest rates in this case will be increased from 3½ per cent, as provided in the loan agreement of 1950, to 4 per cent. We feel that increase in interest rates is unnecessary. It will have an adverse effect on the economy generally, but because this government is also raising most of the loan in question, because the company agrees to the terms of this legislation, I take it, and because the coal mining industry is in need of this type of assistance, we intend to support the resolution and the bill which will be based on the resolution.

The Chairman: Shall the resolution carry?

Mr. Robichaud: Just before the resolution carries, can the minister answer the two questions I asked or would he rather wait until we are in committee on the bill?

Mr. Comtois: I would rather wait until we are in committee because at that time I will have the officials here and will be able to give

all the answers. I could answer a part of the question now but to give the complete answers I would rather wait until the bill has second reading.

Mr. Pickersgill: Mr. Chairman, I have one question I should like to ask the minister. In recommending this amendment I assume the minister agrees that the original scheme was a good one.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I am asking the minister the question.

Mr. Cardiff: It is a childish question.

Mr. Comtois: I never said it was a bad one.

Resolution reported and concurred in.

Mr. Comtois thereupon moved for leave to introduce Bill No. C-54, to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with the Dominion Coal Company Limited.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time? By leave, now?

Mr. Comtois moved the second reading of the bill.

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

On clause 1.

The Chairman: Shall clause 1 carry?

Mr. Robichaud: Can the minister now answer my question?

Mr. Comtois: Mr. Chairman, as far as the first part of the question asked by the hon. member for Gloucester is concerned I am informed that the balance of the disbursement of that loan will not be sufficient to complete the whole mechanization program.

As to the other questions, this matter has been dealt with by the standing committee. We gave the whole list of the loans granted up to the present time to the committee. If the hon. member wishes to refer to the proceedings of the standing committee he will find everything there, I can get the information in a few minutes or I can send the information to him. I consider that the loans are all in good standing at the present time, every one of them. I think we have about seven or eight loans on the way or disbursed and recently granted. They are all in good order.

Mr. Robichaud: I will accept this information from the minister. Can the minister tell the committee if there are any particular reasons why the Dominion Coal Company should not be in a position to meet its regular payments while the other companies, as the minister said, are in good standing?

Mr. Comtois: Of course, the trouble is they did not have enough money to proceed with their mechanizing and they could not borrow any money anywhere else.

Mr. Robichaud: In other words, will the stock pile of 1,400,000 tons of coal which they have at the present time have any effect on the financial situation of the company? Is it on account of this stock pile that they cannot meet their obligations?

Mr. Comtois: Certainly.

Mr. Robichaud: Has the minister any reports as to the possibility of the company being in a position to meet further payments, or has he any definite reports that this coal will be disposed of in the near future? As I recall it, the minister made certain statements, I think on two occasions, that the stock pile of 1,400,000 tons of coal was sold and awaiting transportation to its destination.

Mr. Comtois: That much coal was sold but it cannot be shipped right away in a single sale. It takes months before the stock pile is distributed between the purchasers.

Mr. Robichaud: What are the present prospects of the stock pile being reduced by December 31? Has the minister any information that it will be reduced substantially, or will it be about the same?

Mr. Comtois: According to the information we have from the officials of the company we can establish that about a million tons, or a million and a quarter tons, will be on the stock pile at the end of December.

Mr. Robichaud: In other words, according to the information given by the minister, this stock pile will be reduced by about 150,000 tons between now and the end of December.

Mr. Comtois: Obviously, because they are continually extracting coal and adding to the stock pile.

Mr. Robichaud: Notwithstanding the five weeks lay-off?

Mr. Comtois: Yes, of course.

Mr. Dumas: I wonder whether the minister can tell us what will be the percentage of efficiency when the mechanization of the mines of the Dominion Coal Company is completed? I understand that two-thirds of the mechanization program has been completed already and of course efficiency has been increased by a certain percentage. With

the completion of the last third of the mechanization program what will be the increase in efficiency?

Mr. Comtois: The increase in efficiency now is about 50 to 60 per cent and when the mechanization project is completed it will be about 90 per cent. That is the best we can say at this time.

Mr. Robichaud: When mechanization is completed will production be increased to approximately 7 million tons per year and, if so, has the minister any information as to the prospects for the disposal of such a volume of production?

Mr. Comtois: We are told that the officials of the company under the new management expect to increase their sales to quite a large extent. That is what we are told.

Mr. Benidickson: I notice that section 4, subsection 1, of the present act reads as follows:

(1) A loan shall bear interest at a rate fixed by the governor in council based on the average rate of interest return that the Minister of Finance determines is yielded by bonds of the government of Canada of a term comparable with that of the loan, or if there are no such bonds outstanding, that would in the opinion of the Minister of Finance be yielded by such bonds—

I notice that under subclause (b) of clause 1 of the bill the rate of interest is to be 4 per cent. What has been the rate of interest on this loan hitherto?

Mr. Comtois: The rate of interest has been fixed by the Department of Finance and is the rate of interest charged crown corporations.

Mr. Benidickson: What has been the most recent rate that you have felt obliged to charge under that practice?

Mr. Comtois: Four per cent.

Mr. Benidickson: On the last loan was the rate 4 per cent?

Mr. Comtois: It was 3½ per cent.

Mr. Benidickson: In other words, there is an increase of half of one per cent?

Mr. Comtois: Yes.

Mr. Dumas: Mr. Chairman, when the agreement was entered into between the government and the Dominion Coal Company I understand that the estimated cost of mechanization of the mines of the company was $13 million. Approximately two-thirds of the mechanization program has been completed and we learn that actual expenditures amount to $9,583,497.92. In the case of some of the items, of course, the cost was more than the amount estimated. In the case of the last item, a wash plant, I notice that the estimated cost was $3,100,000 and the actual expenditure is only $228,516.65. In the one-third of the mechanization program that remains to be completed does the company intend to spend $3 million on a wash plant?

Mr. Comtois: The company has not built the wash plant yet. The cost will be $6 million.

Mr. Dumas: In sessional paper No. 87 tabled on Thursday, June 5, 1958, the different items are listed on which expenditures were supposed to be made by the Dominion Coal Company. There is an estimated amount of $3,100,000 for a wash plant and we see that the actual expenditure on this item has been $228,516.65.

Mr. Comtois: Three million dollars was the amount estimated at that time.

Mr. Dumas: But approximately $228,000 has actually been spent.

Mr. Comtois: The company ordered some steel for the erection of the wash plant and had to pay for it.

Mr. Dumas: And the estimated cost now is $6 million?

Mr. Comtois: Yes.

Mr. Dumas: Has the company submitted an estimate of the cost of mechanizing the last one-third of their mines?

Mr. Comtois: No, not yet.

Mr. Robichaud: Will the increased interest rate which will be charged the Dominion Coal Company from the time this legislation comes into force also apply to the other companies which have loans under this act?

Mr. Comtois: No, Mr. Chairman. The rate is changed only on this loan and exclusive of other loans already in existence. I may add that the rates on the other loans range from 3½ to 3¾ and 4 per cent.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Comtois moved the third reading of the bill.

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

Broadcasting

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS—CONTINUANCE OF C.B.C.

Hon. George C. Nowlan (Minister of National Revenue) moved that the house go into committee to consider the following resolution:

That it is expedient to establish a board of broadcast governors to regulate broadcasting in Canada; to provide that the expenditure of the board shall be paid out of money appropriated by parliament therefor and also to provide for the continuance of a corporation known as the Canadian Broadcasting Corporation for the purpose of operating a national broadcasting service in Canada; and to provide further for the payment, remuneration, salaries and fees of the officers and employees thereof.

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

The Chairman: Shall the resolution carry? Carried. Shall I report the resolution?

Mr. Nowlan: I would be very happy, Mr. Chairman, if the committee would accept your suggestion that this resolution carry, then I would dispense with any remarks I might make. I shall speak for a few minutes on this since it is one of the most important matters with which the Canadian public and this parliament are concerned. I think perhaps the committee will expect me to say a few words on the resolution itself. I have spoken, as some hon. members recall, in this committee on two occasions this session on the matter of the Canadian Broadcasting Corporation itself and broadcasting generally. I certainly do not intend to repeat tonight anything I might have said on those occasions.

I want to refer specifically to the resolution which is before the committee. This party, of which the government is now constituted, in days past has urged that there should be a Canadian regulatory body which would be in control of broadcasting in this country, both privately owned and publicly owned. Hon. members know that up to the present time the Canadian Broadcasting Corporation, the publicly owned corporation, has exercised this regulatory function over the whole industry as well as acting as operator of the publicly owned system. In order to determine this issue and many others concerning broadcasting, the preceding government in 1955 appointed a royal commission to study and report upon the problems of broadcasting. I think it was December 2, 1955, that the order in council was passed appointing a royal commission. This royal commission reported on March 15, 1957, but because of divers and sundry events, which are well known to all members of this house, interruptions took place and there was no particular time in which this matter could be considered up until now.

[Mr. Comtois.]

This commission was headed by Mr. Robert Fowler of Montreal, and the report, which is well known I think to all hon. members, is popularly called the Fowler report. Other members of the commission were Mr. Edmond Turcotte, who at that time was our ambassador to Colombia, and the third member was Mr. Stewart, who at that time was president of the Canadian Bank of Commerce and is now chairman of the board. The commission spent a great deal of time in studying this matter, travelled across Canada and had many hearings, and although their views in the report may not be acceptable to all, and perhaps the report as a whole could not be accepted by any one person, yet I think whatever may be said about the report itself, it is certainly one of the most interestingly written reports that has ever been written by any royal commission. If hon. members have not read it, I think they will find the reading of it will repay them, both because of the content and because of the style in which the report is written.

I stated the position which some of us had taken in the past with respect to regulation, and I should like for a minute or two to refer to the report to see what it had to say because it deals specifically with the resolution before us. On page 90 of the royal commission report, we find this:

We think there have in fact been two public elements involved in radio and television broadcasting. This factual separation of powers should be more precisely defined in law. One of these elements should be an operating agency, engaged in the operation of publicly owned stations and national networks and in the production and distribution of a national program service throughout Canada.

Then, on page 91, the report says:

The other public agency in the Canadian broadcasting field should be a board created and authorized to act for parliament, and responsible to parliament, for the direction and supervision of the Canadian broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the corporation.

Then, farther along on that same page we find this:

This board is not part of the C.B.C. and should not be referred to as "the board of governors of C.B.C." We suggest that a new board, differently named, should be created by statute. The name we use in speaking of this agency is "the board of broadcast governors".

If hon. members look at the resolution before them, they will find that the first clause says:

—it is expedient to establish a board of broadcast governors to regulate broadcasting in Canada;

This is the name recommended by the royal commission and the object also was suggested by the royal commission.

The second part of the resolution provides for the continuance of the Canadian Broadcasting Corporation. I am told that in some quarters at some time there were some fears and some doubts expressed as to the attitude that this government might take towards the publicly owned broadcasting system in Canada. If these fears were expressed at any time, Mr. Chairman, I am sure they have been dissipated before this. The other day that distinguished Canadian scholar and historian, Dr. Creighton, headed a very large delegation which appeared before the Prime Minister and myself in connection with this problem of broadcasting. I think some of the words used by him on that occasion could well be reproduced in *Hansard*. Speaking of broadcasting in Canada, Dr. Creighton said:

> Canadian strength and Canadian unity ultimately depend upon Canada's maintenance of her autonomy and spiritual independence on the North American continent. Throughout our history we have persistently followed national policies devised to strengthen our unity from ocean to ocean and to maintain our separateness in North America. Our defences against the "continentalism", which has so often threatened us from the south, have been based on the east-west axis provided by nature, the strong line of the St. Lawrence-Great Lakes and the Saskatchewan. Confederation gave us our transcontinental political union. Sir John Macdonald's national policy provided the framework for an integrated transcontinental economy. A national broadcasting system can do for us, in the realm of the mind and the spirit, precisely what these old and tested national policies have done in the political and economic sphere. A steady flow of live programs along the east-west lifeline will express Canadian ideas and ideals, employ Canadian talent, and help unite our people from sea to sea and from the river unto the ends of the earth.

I believe, Mr. Chairman, that represents the views of this government with respect to the functions, maintenance and strengthening of the Canadian Broadcasting Corporation. Provision is made for this in the second clause of the resolution which is before you, of course with the concomitant factors of the provision of funds by parliament for this purpose. It is not necessary for me to speak longer on this matter at the moment. Obviously, the removing of the regulatory powers from the Canadian Broadcasting Corporation and providing a separate board have created certain administrative difficulties and certain problems in connection with the drafting of this legislation which could be dealt with much better when the bill is before the house. I trust, Mr. Chairman, that the committee will see fit to pass this resolution at as early a date as possible, so that the bill can be brought down and the details of the legislation considered by hon. members. Then, on second reading, the whole matter can be given careful and full consideration.

Mr. Pearson: I think the minister can be assured, Mr. Chairman, that the hope he has just expressed will be realized, namely, that the committee will pass this resolution as soon as it sees fit. This is a very important resolution, as the minister has pointed out, dealing with a very important subject. I think it does require discussion, although I agree that perhaps that discussion can be focused more directly on the problem of broadcasting when we have the bill before us. Nevertheless, it is such an important matter, as the minister has indicated, that some observations even on the resolution are required.

My first reaction to the introduction of this resolution, Mr. Chairman, is that it is unfortunate—for reasons which the minister perhaps knows more about than I do—whatever the reasons may be, that a resolution dealing with such a fundamental matter as this should be introduced in what we hope are the dying days of this session. Whether or not that expression will prove to be accurate, I am not sure. The house will recall that some weeks ago we moved an amendment, on going into supply which precipitated a discussion of this whole question of broadcasting; and in that amendment we expressed the hope that this matter could be dealt with early in the session. The reason for that, as the minister will understand, is obvious. This is such an important matter that it deserves careful and adequate consideration. There is nothing much more important, as the minister has pointed out on more than one occasion and even tonight, in maintaining and strengthening Canadian nationalism, pride and national identity than maintaining and strengthening a strong Canadian broadcasting system operated in the national interest.

This resolution is no doubt based on the speech from the throne or at least derives from the speech from the throne in which the government, through His Excellency the Governor General, tells us that there would be placed before the house a proposal to establish a new agency to regulate broadcasting in Canada and to ensure that the Canadian Broadcasting Corporation and the privately owned broadcasting stations work effectively together to constitute a national system to provide satisfactory television and radio services to all Canadians within reach. The speech from the throne contains the expression "to constitute a national system", an expression which is not used in this resolution. Then the paragraph in the speech from the throne goes on to say as follows:

> Related amendments to the Radio Act will also be proposed.

I do not know what are the intentions of the the government in that regard. The last paragraph in the speech from the throne also bears on this matter because it states categorically:

> You will be asked to set up a select committee on broadcasting—

Mr. Chairman, this matter is so important that I hope that the statement of the government in that respect in the speech from the throne will be carried out and that this bill, when it comes before the house, can be given first reading and then be submitted to a select committee on broadcasting for that kind of consideration which it should get, dealing as it does with a matter of such great importance. Surely legislation of this type and of this national significance should not be rushed through the house in the closing days of a session. It should go to a committee where it can get the consideration to which it is entitled.

In this connection perhaps I might be permitted to put on the record a paragraph of an editoral appearing in the Montreal *Star* of August 16 which expresses this idea very clearly. This paragraph reads as follows:

> Granted that everything which has leaked out so far concerning the government's intentions toward broadcasting indicates a much more reasoned approach than party firebrands were hinting a few years ago. It looks as though recommendations of the Fowler commission still provide the guiding line.

We had some confirmation of that this evening. I was glad to get it.

> But the select committee, which the government promised, should be allowed to study the bill before it comes up for second and third reading. For the sake of the future of broadcasting, this legislation should also be allowed to stand over.

That is the opinion of the editor of that newspaper and there is a great deal to be said for that careful, constructive course being followed in this matter. Certainly, Mr. Chairman, the Canadian broadcasting system is such a complex and delicately balanced one that any changes to it, even changes which may appear to be minor, might destroy that balance, against the public interest and perhaps in favour of the private element of the system, an element which I agree is indispensable to the working of the system but which from the national point of view cannot be as important in our minds as is the public interest. I therefore suggest, Mr. Chairman, that we in this house have a duty to give this bill the most careful consideration possible, and I do not see how that can be done in the circumstances in which we find ourselves at the present time unless it is sent to a committee where it can be considered without haste, without prejudice and without partiality.

The resolution itself is before us on which a bill will be submitted; and we will have a chance, whatever happens, to examine that bill whether it goes to a committee or not, with the care which it deserves. The resolution says this:

> Resolved, that it is expedient to establish a board of broadcast governors to regulate broadcasting in Canada;

In his remarks a few moments ago the minister indicated that the government intends to follow the recommendations of the Fowler commission in this respect because that is the designation given to the body recommended by the Fowler commission. He thought that this might serve to remove any fears and suspicions that we had on this side that some fundamental change with regard to the regulatory system would be introduced. If we had any such fears or anxieties as to the attitude of the government towards the Canadian Broadcasting Corporation, perhaps this resolution does help to remove or to minimize those fears. But I would suggest to the minister that if we had them, they were based on statements previously made and views held by hon. members opposite on the treasury benches when they were on this side of the house. We remember some of the statements made at that time. That perhaps will explain to the minister the nature of our suspicions and our fears. That is one reason why we are scrutinizing this resolution very carefully indeed, as we will scrutinize the bill.

In this connection, the first thing that occurs to me is the wording of the first line of the resolution.

> Resolved, that it is expedient to establish a board of broadcast governors to regulate broadcasting in Canada.

Normally the phraseology in a resolution of this kind—and I do not know what the significance of the omission is in this case—would be as follows:

> Resolved, that it is expedient to introduce a measure to establish a board of broadcast governors to regulate broadcasting in Canada.

Indeed, in the resolution on the order paper immediately preceding the one with which we are dealing, namely item No. 18 on the order paper, that is the phraseology used.

Mr. Chevrier: And in item No. 17 on the order paper.

Mr. Pearson: And in item No. 17 also and others. The one immediately preceding item No. 19 reads as follows:

> That it is expedient to introduce a measure—

And so on. Perhaps the minister will explain to us why this resolution dealing with such a very important matter omits those words "to introduce a measure".

Then the resolution goes on:

—to provide that the expenditure of the board shall be paid out of money appropriated by parliament therefor and also to provide for the continuance of a corporation known as the Canadian Broadcasting Corporation for the purpose of operating a national broadcasting service in Canada; and to provide further for the payment, remuneration, salaries and fees of the officers and employees thereof.

Note, this is not to provide for the expenses of the Canadian Broadcasting Corporation as such; not to provide for the money which will be needed to carry on the work of the Canadian Broadcasting Corporation, but to provide for the payment, remuneration and salaries and fees of the officers and employees thereof. And that is all. No doubt the minister will have something to say about this. And then, of course, as I said earlier, there is nothing said in this resolution as to maintaining and strengthening the Canadian broadcasting system. We have here only a reference to a national broadcasting service, that is, the Canadian Broadcasting Corporation.

One of the most important things in this resolution is the kind of board of broadcast governors to be set up to regulate broadcasting in Canada; how its regulations are to be made effective, and particularly what effect they will have in regard to the control of private broadcasting in this country. There could be various kinds of boards of broadcast governors, some of which we on this side would certainly not be able to support. But the kind of board of broadcast governors recommended by the Fowler commission is something else.

There are other principles in this report to which the minister has referred which we would certainly like to see included in any legislation based on this resolution. While I am not going into this matter in detail at this time I am going to outline in a very general way our position with regard to what we think should be included in any bill based on this resolution. We feel strongly—and we will make our feelings known when this bill is produced—that any legislation based on this resolution should make provision for the following things:

1. The continued existence, with the Canadian Broadcasting Corporation as its operating part, as now constituted, of a single system in which both public and private stations are all integral parts and which is regulated and controlled by a single board representing the public interest.

From what the minister has said tonight and from what he has said in this house previously this session, I hope he would not quarrel with this principle and that he would perhaps see that it is embodied in the bill.

We think the legislation should also provide:

2. Regulations to be enforced by any board of broadcast governors to ensure that the services provided by both public and private stations should meet the needs and desires of the people as a whole and not be used primarily as an industry to be exploited for commercial ends.

We accept, of course, the fact that private stations must operate in such a way as to make a profit. If they do not do that, they go out of business. That is a legitimate aim on their part, and I am not minimizing in any way the necessity or importance of commercial ends in a broadcasting system which must include private stations as well as public stations. But the system as a whole must be used not for commerical purposes entirely, but in the national interest.

And then there is a third requirement as far as we are concerned for any legislation which would be satisfactory to us. It is:

3. That any regulatory board shall be accountable to and report directly to parliament. In our view it should not be a small official board of the nature of the board of transport commissioners. There should not be the kind of control over broadcasting which one sees exercised in Washington; the kind of official board which would be responsible to the government and which would have control over the regulating of both the private and the public elements of the system.

What we think should be in the legislation is a larger board, not composed of full time members. I have gone into this in some detail in debates on this matter previously in the house. The board, we think, should be one which would owe its responsibility directly to parliament and which would not be the agency of the government but an instrument of parliament. Then our fourth principle which we would like to see embodied in the legislation, is this:

4. The retention of the existing system by which a few publicly-owned radio and television stations distribute through the facilities of a much larger number of private stations at least some of the C.B.C. produced "Canadian" programs. This means, of course, that the C.B.C. must be given power to own and operate at least some national networks and power to control the management of such networks.

Then also—and this is surely an essential principle in legislation of this kind—there must also be control over the private station. Without that control exercised in the public

interest, because they are private stations operating for a profit—and I do not criticize them for that; they cannot go on without a profit—the temptation for them to affiliate with United States networks would be almost irresistible. If there were not that type of control over their activities exercised by a public board it would not be long before they were carrying exclusively and entirely United States programs. The reason for that is obvious. They could get those programs so much more cheaply than they could get a Canadian program. If it costs, say, $10,000 to produce a Canadian program, it might cost $30,000 or $40,000 to produce a similar type of program in the United States. But whereas a private station in Canada would have to pay a good deal to the C.B.C. for a Canadian program it might get a United States program for a fraction of that cost, because the cost of that program would in any case have been met in the large United States advertising market. Therefore the temptation for a private broadcaster to tie up with a United States network would be almost irresistible and that might represent an almost fatal blow to the Canadian national broadcasting system.

An hon. Member: Ten o'clock.

Mr. Pearson: I can finish in one minute. The fifth principle, Mr. Chairman, is this:

5. There must be enforceable regulations by which any private network and any private station affiliated to such a private network shall be required to maintain programming standards which shall not be very different from those of the private stations affiliated to C.B.C. networks. This relates to what I have just been saying.

Then, finally, and this relates to the omission in the resolution to which I have already drawn attention:

6. The necessary financial support for the C.B.C. should be provided from public moneys on a long term basis so that in addition to its earnings from commercial operations which are essential the C.B.C. shall be assured of the necessary funds with which to provide satisfactory national programming services. And that, of course, must be in addition to its income from commercial operations. Without the assurance of a minimum of income—and perhaps there should also be a maximum placed on the income—it would be difficult to see how they could effectively plan ahead. There is no suggestion in the resolution that this is going to be done.

I leave this thought with the minister in closing my remarks on this matter at the resolution stage. Would it not be better at this stage to introduce a supplementary estimate covering C.B.C. operations to ensure that the work could be continued in the coming year and then introduce this bill? After first reading it could be submitted to a committee where it could be given the kind of examination to which it is entitled and thus ensure that we do not rush it through without careful consideration and without giving the house an opportunity to fully discuss a measure of such far-reaching importance to national development as this is. I am sure no hon. member of this committee wants to see the matter treated in that way but I am afraid that in the closing days of this session this very important question will not be given the consideration to which it is entitled if we are not extremely careful.

Progress reported.

[Mr. Pearson.]

BUSINESS OF THE HOUSE

INCOME TAX ACT—PLACING OF AMENDMENTS ON "VOTES AND PROCEEDINGS"

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I ask leave of the house to place on today's *Votes and Proceedings* those amendments which the government proposes to introduce to Bill No. C-39, an act to amend the Income Tax Act? It is hoped that having these half dozen amendments on *Votes and Proceedings* will be of assistance to the house in dealing with the bill in committee of the whole when we reach it.

Mr. Speaker: Has the minister leave to place these amendments on today's *Votes and Proceedings*?

Some hon. Members: Agreed.

Mr. Chevrier: Mr. Speaker, may I inquire of the house leader what the business is for tomorrow and Wednesday?

Mr. Green: Mr. Speaker, tomorrow we shall commence with third reading of the measure to amend the Emergency Gold Mining Assistance Act; then we shall take item No. 19 on today's order paper which is a continuation of the debate on the resolution preceding the introduction of the broadcasting bill; then item No. 6 on today's order paper, the bill to amend the Financial Administration Act; then item No. 9, the bill to amend the Customs Tariff, and then, if the bills amending the Loan Companies Act and the Trust Companies Act are back from the standing committee on banking and commerce, we shall take them at that stage; then item No. 5 on

today's order paper, the act to amend the Income Tax Act; then item No. 14 standing in the name of the Minister of Finance, which is a resolution preceding a bill; then item No. 10, the bill to amend the Customs Act.

On Wednesday it may be necessary to take some of this legislation but if we do take estimates we shall take those of the departments of mines and technical surveys, fisheries and national health and welfare.

Mr. Chevrier: May I remind the minister that we proceeded with dispatch today and perhaps unknown to him we have already given third reading to item No. 15.

Some hon. Members: No.

Mr. Green: I may be wrong, but I think the hon. member for Laurier is wrong. Perhaps His Honour could let us know.

Mr. Chevrier: When we got to it I said, "third reading; agreed".

Mr. Argue: And I said, "Disagreed".

Mr. Speaker: There was a dissenting voice in the house and it had to stand.

Mr. Chevrier: I apologize to the house leader. I was mistaken.

It being seven minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

Question

ANSWERS TO QUESTIONS

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

NEWFOUNDLAND—INDUSTRIAL DEVELOPMENT BANK LOANS

Question No. 143—**Mr. Carter:**

1. How many loans have been granted to persons, companies or firms, in Newfoundland, from the industrial development bank, each year since 1950?
2. What is the amount of each loan?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. 1950, 1; 1951, 1; 1952, 1; 1953, nil; 1954, 1; 1955, 1; 1956, 1; 1957, 2; 1958, 2.

2. It is not in the public interest to disclose this information, which is a matter of customer and bank relationship.

HOUSE OF COMMONS

Tuesday, August 19, 1958

The house met at eleven o'clock.

BANKING AND COMMERCE

Fourth report of standing committee on banking and commerce.—Mr. Cathers.

BUSINESS OF THE HOUSE

MOTION FOR CONSIDERATION OF CERTAIN BILLS LATER THIS DAY

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, by unanimous consent I move:

That Bill No. S-10, an act to amend the Loan Companies Act, and Bill No. S-11, an act to amend the Trust Companies Act, be considered in committee of the whole later this day and that standing order 20(1) be suspended in relation thereto.

These are the bills which have just been reported back from the committee.

Motion agreed to.

FINANCE

TABLING OF SUPPLY REPORT FOR FISCAL YEAR ENDED MARCH 31, 1958

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I beg leave to table, in English and in French, copies of a report on supply for the fiscal year ended March 31, 1958.

May I say, Mr. Speaker, that in relation to the resolution which stands on the order paper as No. 9, this report on supply will furnish the house with the complete information it requires as to the supply for the fiscal year that ended March 31 last, indicating the estimates and the way in which the amount appropriated was provided, whether by appropriation acts or governor general's warrants. It will be seen on examination that this report, I think, supplies the house with all the information that is required in its approach to resolution No. 9.

Copies of this report on supply will be available to hon. members forthwith at the distribution office, Mr. Speaker.

ADMINISTRATION OF JUSTICE

COLLINS BAY PENITENTIARY—STATEMENT RESPECTING SEGREGATION OF RIOTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Justice if he has any comment to make on a statement reported to have been made by the warden of Collins Bay penitentiary in connection with the riot last Sunday to the effect that he, Mr. Richmond, the warden, denied that any prisoners had been segregated and said he had no idea where justice minister Fulton got the idea that 113 prisoners had been isolated as reported to the house yesterday morning by the Minister of Justice, when he said that 113 inmates were actually segregated as those being involved in the riot.

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker. The explanation is, I think, that when my remarks of yesterday were quoted to the warden it was implied to him that I had used the word "segregated" in the sense of prisoners who were segregated as punishment. In my statement yesterday I did say that 113 inmates were actually segregated as being involved in the riot. This however referred to the physical separation of those participating in the riot from the rest of the prison population, at the time of the riot. The figure of 113 is the number of inmates who were separated when the shock force entered the grounds of the institution and contained the rioting inmates in one corner of the walled area.

The article in this morning's *Globe and Mail,* however, implies that segregation was used in the sense of continuing segregation. This is not the case. The degree of participation of those involved, and who were segregated in the sense I have just mentioned, will be determined in the investigation that is expected to start tomorrow. Segregation as punishment will be carried out only after the investigation is completed and the guilt of those participating has been determined.

FREIGHT RATES

PROGRESS OF FREIGHT EQUALIZATION INQUIRY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Can the Minister of Transport say what progress is being made by the board of transport commissioners in its program toward equalization of freight rates in general, and in particular the progress toward equalization of commodity rates? I ask this question because the royal commission made its report as long ago as 1951, and we are anxiously awaiting some further progress.

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for Assiniboia for giving me notice of his intention to ask this question. Since the beginning of 1958 the transport board has held hearings on certain commodity rate scales and further hearings are scheduled for this fall. The railways have been required by the board to file certain additional information, and the board is hopeful that substantial progress will be made in the equalization of commodity rates before the end of this year.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. When that report is made, will there be other classifications of freight rates to be equalized under the authority of the order in council?

Mr. Hees: I shall speak to the chairman of the board of transport commissioners, Mr. Speaker, and get an exact report for the hon. member.

Mr. Argue: I wonder if the minister could say whether the hearings to which he refers will be held at various places across the country or whether they will be held in Ottawa.

Mr. Hees: I believe the hearings will be held, as usual, across the country, but again I shall speak to the chairman of the board of transport commissioners and get an exact answer for the hon. member tomorrow.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—INQUIRY AS TO CONCILIATION BOARD REPORT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Labour if he can reply to the question I asked yesterday in his absence, and which had to do with whether or not the non-operating unions of the railways or the railways themselves had indicated any acceptance or rejection of the conciliation board report?

Hon. Michael Starr (Minister of Labour): I have had no correspondence or any indication whatever, Mr. Speaker, from either party to the dispute.

POST OFFICE DEPARTMENT

PHILATELIC SOCIETY MEETING—ATTENDANCE OF DEPARTMENTAL OFFICIALS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the minister responsible for the renaissance of official philatelic art in Canada, the Postmaster General. As the society of philatelic Americans is holding its sixty-fourth annual convention in Montreal on September 18, this being the first convention of this society to be held outside the United States, and in view of the minister's announced policy of philatelic rejuvenation in Canada and search for ideas and inspiration to this end, would the minister inform the house if representatives of his department will be attending this gathering of philatelists?

Hon. W. M. Hamilton (Postmaster General): I want to thank the hon. member for giving me notice of his question. We are happy that recent developments and improvements in our Canadian postal service have caused this organization to come to Canada. I will be opening their meeting myself and will be in contact with them. In addition, one of my senior officials will be present throughout the meetings.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—SUGGESTED ARBITRATION OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question which I should like to direct to the Minister of Labour. Could the minister indicate what action has been taken by the three unions on the west coast with respect to the suggestion of the Canadian Pacific that the dispute between its B.C. coast shipping service and the three unions be referred to arbitration?

Hon. Michael Starr (Minister of Labour): I read the article in the newspaper, Mr. Speaker, but I have received no reaction from the unions to that suggestion.

ST. LAWRENCE SEAWAY

WELLAND CANAL—TRANSFER OF CONTROL AND OPERATION TO SEAWAY AUTHORITY

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Minister of Transport. I should like to know whether the government has decided to turn over to the St. Lawrence seaway authority control and operation of the Welland ship canal.

Hon. George H. Hees (Minister of Transport): The Welland ship canal will come under the authority of the St. Lawrence seaway authority later this year.

Mr. McMillan: I have a supplementary question. Will that apply to the lands owned by the federal government and held in connection with the canal?

Mr. Hees: I would think so, Mr. Speaker, but I will check with the officials concerned and let the hon. member know.

HOUSE OF COMMONS

STATEMENT ON AVAILABILITY OF NEW "PARLIAMENTARY GUIDE"

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): In regard to the question asked by the hon. member for Bonavista-Twillingate in the House of Commons on August 13, in connection with the publication of the Parliamentary Guide, may I say that I was in touch with the publisher and was informed that the Parliamentary Guide is issued yearly and that the 1958 copy was issued in February, 1958. This copy does not contain the list of members elected in March, 1958. The 1959 issue of the guide is expected to be printed and issued in December, 1958.

EMERGENCY GOLD MINING ASSISTANCE ACT

AMENDMENTS TO EXTEND APPLICATION AND INCREASE AMOUNT

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved the third reading of Bill No. C-53, to amend the Emergency Gold Mining Assistance Act.

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

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS—CONTINUANCE OF C.B.C.

The house resumed, from Monday, August 18, consideration in committee of the following resolution—Mr. Nowlan—Mr. Sevigny in the chair:

That it is expedient to introduce a measure to establish a board of broadcast governors to regulate broadcasting in Canada; to provide that the expenditure of the board shall be paid out of money appropriated by parliament therefor and also to provide for the continuance of a corporation known as the Canadian Broadcasting Corporation for the purpose of operating a national broadcasting service in Canada; and to provide further for the payment, remuneration, salaries and fees of the officers and employees thereof.

Mr. Fisher: Mr. Chairman, it was most pleasant to hear the introduction of this resolution by the minister, especially when he used that quotation from what I like to call the professor patron of the Conservative party in Canada, namely Professor Creighton. The group here welcome the legislation, and we are looking forward to the actual bill itself in order to see what its substance will be.

After referring a number of times to the bill as being extremely important, the Leader of the Opposition made the point that his party would like the bill to go to a select committee of the house before being moved through its final stages, to have an examination made there. We are not convinced that that is the right point of view at this particular time. Broadcasting in all its aspects has been very well covered by parliamentary committees and by royal commissions.

We have had a very thorough outline set up for us in this royal commission. One of the key points is that the powers of the board of broadcast governors and the kind of regulation framework that is to be allowed them would need to be known before we really know whether committee work would be useful. Rather than having the bill referred to the committee at this time I think it might be much better to have the bill passed, the board of broadcast governors set up and the board given some opportunity to introduce the regulations that are going to come into effect, because I think the regulations are the key.

Speaking for those in this group, we have been concerned about the war of propaganda carried on for some years against the C.B.C. and for the private interests. I believe all members have received some of the latest proofs of this propaganda war in the form of communications from radio station CHWO at Oakville, Ontario, and the private broadcasters who are at their old game of maligning certain people. I notice here, for instance, a reference to the cabinet secretary, Mr. Bryce, which I can only describe as unfortunate.

This particular kind of propaganda on the part of private broadcasters seems to have been caused by the reactivation of the Canadian radio league or, as it is now known, the Canadian broadcasting league, which has already been sending out literature in connection with what they consider the future Canadian broadcasting set-up should be.

The conclusion I draw from the criticisms of the Oakville station is that it is wrong to have a lobby to protect the C.B.C. but it seems to be all right to have a lobby to protect the private stations. I often wonder whether many people realize how powerful a lobby the private stations have had in this Canada of ours. This is clearly illustrated when one thinks of the Sifton newspaper interests, the Thomson newspaper interests and the daily newspaper interests with all their ramifications. The complaints of the private broadcasters have been brought home very firmly for many years but what happened when the royal commission on broadcasting began to look into the matter? Those who have read any of the publications of Mr. Fowler, the head of that royal commission, will be perfectly aware that this

man is not out to socialize for the sake of socialism; he is not out to keep any national organization going at all. Those who have any doubt as to his devotion to free enterprise should look at what he has written in the past on the combines investigation legislation and its effect on companies.

This gentleman, however, undertook this chore and came up with a report. At the time of his appointment the members of this group vigorously protested, because we thought he was so completely in what we would tend to call the other camp that his conclusions would almost certainly be against the C.B.C. and perhaps for altogether ending the C.B.C.'s existence. Instead we have this report in which we note some very interesting recommendations, and I would like to read one recommendation which I imagine some members will have missed in connection with the private radio stations. This appears at page 144 of the report, and reads as follows:

> —once a licence was granted to a private station operator there was little effective control over the manner in which he used the licence. At all events, there is no record of any licence ever being suspended, revoked or unrenewed on the grounds of a poor performance by the licensee. Since, in human affairs, the continuation of such perfection is unlikely, we recommend that in future the standards of performance of private stations should be more effectively checked, that those who give inadequate public service or shabby performances under their franchises should be warned, and that the licences of those who fail to make substantial improvements after such warnings should be cancelled. To put the matter briefly, we think that the presence of private elements in our broadcasting system should be clearly accepted as valuable and permanent; but that the performance level of private stations should be a high one to justify the grant to them of valuable public rights—higher in fact than it has been, with some notable exceptions, in the past.

I think that puts the point very clearly about which we and many others were so concerned, namely the feeling that the fetters would be completely taken off, where they existed, for the private stations, and that the national network and the national programming of the C.B.C. would go into limbo. It has certainly been a complete and pleasant surprise to many of us to see indications of the way in which the government is moving.

I remember that last year during the election campaign one member of the government was in a certain community, and after his departure radio and television interests in the area were rubbing their hands and saying, "Well, we won't have to worry about the C.B.C. any more. We got the tip that it is going to get the axe." I believe that explains the general reaction of surprise and pleasure on the part of both the official opposition and ourselves at the direction in which the government is moving.

One criticism of the Fowler report which contained some accurate observations was that written by Mr. I. Norman Smith in the Ottawa *Journal* of July 8, 1958. He dealt with the C.B.C. leadership and pointed out that the recommended board of broadcast governors would set up a chairman who would not have continuing experience; that is to say, the longest term he would probably have would be three years. Mr. Smith also raised very strongly another significant question. It is recommended he would work two days a week, and Mr. Smith questioned whether a part-time chairman would be really able to carry out the duties of supervising such a sprawling and many-faceted operation as broadcasting in Canada. Mr. Smith went on to draw the moral that probably this was the very question which led to the resignation of Mr. Dunton. He was speculating, of course, and there is no reason to believe that is so, but in this editorial he went on to say:

> —it seems to me the uncertainty facing C.B.C. probably was a factor in his resignation. And I am certain that that uncertainty will stand in the way of finding the best possible man as his successor.
>
> The Fowler report was full of good analysis and suggestion, but it came up with an utterly cockeyed recommendation as to the leadership of Canadian radio. The Conservative government should lose no time in disowning that particular recommendation of a commission established by its Liberal predecessors.

Well, we will wait and see if the government is going to disown that recommendation, but it does raise a point. We need perhaps more continuity in the board of broadcast governors and more full time leadership, let us say, from the chairman of that board than is indicated in the sample act that has been presented by the commission. I hope the government is giving serious consideration to this question.

One phase of the matter our group is hoping will be cleared up in the future is the question of political broadcasts. I should simply like to review the situation at the present time as far as the C.B.C. is concerned. To me the national aspect of the C.B.C. and its political broadcasts are among the more important educational features and functions carried out by broadcasting. It is my contention that the C.B.C. has not shown a great deal of leadership in this field. Its impartiality has led it to become much more dull and dreary than is necessary. I should like to read a paragraph from an interesting article which sets out some comments on the matter:

> To begin with, during election periods, free political time is divided between the parties, and programs which at other times bring together

opposing points of view are eliminated. Normally the C.B.C. discussion programs, press conferences, etc., are very effective, and often they reveal real differences between party points of view. Certainly they are by far the most interesting type of political broadcast and frequently the discussion they stir up continues long after particular shows. But not only does the C.B.C. cancel its most effective political education programs during election time, it also takes special pains to ensure that the single-party election broadcasts will be as uninspiring as possible. It prohibits, specifically, "all political broadcasts incorporating any device which would be considered theatrical, such as dramatic skits."

I do not know, but I thought we did have a little bit of theatre and drama in the last election campaign which the C.B.C. did not control, but perhaps that may all have been to the good. The article goes on to say:

Furthermore, the use of the following is also prohibited: film clips, slides, music, animation, cartoons and still photographs (unless they show only "individual persons" who are "members of the party sponsoring the broadcast"). If these restrictions were imposed on public affairs broadcasts between elections there would probably be a mass suicide of C.B.C. talks producers within a month.

Mr. Pickersgill: Mr. Chairman, I wonder if the hon. gentleman would identify the article for the record. He may have done so but I failed to catch it.

Mr. Fisher: The article is by Professor Kenneth McNaught. It is entitled "The Failure of Television in Politics" and appeared in the August 1958 issue of the *Canadian Forum*. This may appear to be unrelated to the resolution but I bring it up for the following reason. The C.B.C. has carried out its function in this respect but many have been critical of its political broadcasts. I certainly have been critical of it as far as its regulatory functions and political broadcasts are concerned. As the Fowler report pointed out, the corporation has never revoked a licence and has never put its foot down with respect to regulations concerning private stations.

We hope two things will come out of the new organization. We hope the C.B.C. will be given encouragement, being one step further removed from popular political criticism in the sense that it is now to be a bit more free in its programming. We also hope the board of broadcast governors will really fill the regulatory role the C.B.C. failed to fill in going after private stations for their level of performance and the amount of commercials they carry in relation to program time. If these two things develop from this new establishment I believe this government will merit the very strong approval of the Canadian people.

One of the keys to the future will be how the regulations will apply to the private stations with respect to their requirement to take network programs, and how much they will be allowed to import from other countries. The Leader of the Opposition made reference to this last night. If you have followed the proposals of the C.A.R.T.B. through the years you will know that in essence that is what they are after. They are seeking freedom from anything that prohibits them from making more money.

The Leader of the Opposition said there is nothing wrong with that. I suggest there could be something very much wrong with this if outright commercialism and a materialistic approach in this regard leads to an abuse or almost a sabotage of a valuable public service. If the board of governors in its regulations which will be developed under this legislation can bring about a degree of real control and a certain amount of inspiration, I believe this rather nasty and puling controversy that has gone on for 15 or 20 years between private broadcasting interests on the one side and the C.B.C. on the other will just disappear. In that regard I hope the C.A.R.T.B. can give some kind of leadership to the private stations.

Those of us who have listened to radio across this country know that in some areas you get a concentration of excellent radio and television service. I think of how fortunate Winnipeg is as far as its radio reception is concerned. I doubt if you could find a place in the country where radio covers events more thoroughly or in a more stimulating fashion; yet in other places devoid of the stimulation of competition radio seems to vegetate and produce nothing but programs featuring the fifty-ninth and sixtieth most popular records on the hit parade and a succession of rather jazzy commercials.

The focus of our discussion is not really before us at present, however, and we will be better able to refer to these matters when we have seen the bill and what it spells out. After the bill comes down, if it proves to be as satisfactory as we think it is going to be we will be eager to learn who will be the personnel of the board of broadcast governors, and we trust they will establish regulations that will really mean something and will carry out most of the recommendations of the Fowler commission.

The one point that has not been mentioned to any great extent is the question of the financing of the C.B.C. We know that is perhaps the toughest of all the problems, because it is the place where the corporation has seemed to be most vulnerable to every person. The news that a certain program cost $15,000 or $50,000 to produce always seems staggering; but when you see in the Fowler commission how this is related to

an estimated program based upon $15 a year for a television set, or you see it in terms of 4 cents per family, it does not seem nearly so bad. When you see the concentration of criticism—and we have had those enemies of the C.B.C. firing at it in all its aspects—it makes one conscious of how tough it is going to be to build up a financing system for the corporation and for the board of broadcast governors that will have general approval and not be sniped at all the time.

It was very noticeable that when the last mimeographed report of the C.B.C. came out newspapers across the country were throwing darts at the corporation for its lavishness and tremendous expenditures. Well, the Fowler commission, and I hope this government, recognize that you cannot have good television programming unless you do spend money. In essence, I do not think Canadians are as cheap as some of the public comments or some of the public men and the newpapermen in the country. I think we are prepared to pay for good programming, and we trust that the financing set-up will be a long-term one. We hope the minister does what he promised earlier, namely get rid of the excise tax on tubes. We do not know what to suggest in connection with the question of licence fees, but licence fees do not seem feasible at the present time. We shall look very closely at the particular point of financing.

The Chairman: Shall the resolution carry?

Mr. Fraser: I would like to say one word. Every Saturday evening the C.B.C. puts on a wrestling program from Maple Leaf Gardens and from other places. I like to watch these matches and I know thousands across Canada like to watch them because clean wrestling is really worth while. In many instances when a winner is declared you see the winner go up and kick the man who is down, or the loser will kick the winner. I think some of this rough stuff should be eliminated from television. I do not think it is good for our young people. I know of one instance where a boy in high school was kicking another boy, and he was upbraided by the teacher. He said, "I saw it on television".

The Chairman: I regret to interrupt the hon. member, but I do not think his comments are relevant to the resolution now under discussion. The hon. member is discussing the content of the programs of the C.B.C. which has nothing to do with the present resolution. I must inform the hon. member that his comments are out of order.

Mr. Fraser: I quite agree with you, Mr. Chairman, but I wanted to make them.

[Mr. Fisher.]

Mr. Godin: Mr. Chairman, if I rise it is only for a moment to speak more on a point of order than on the subject matter of the resolution itself. For two days we have been discussing a certain resolution placed before the house. Certain members have made reference to further study of a bill which so far has only been indicated by the Minister of National Revenue. Nowhere do we find that the government is under the obligation to present a bill to implement what is contained in the resolution. Yesterday the Minister of National Revenue made reference to the fact that a bill would be presented. He said, as reported at page 3749 of *Hansard*:

> I trust, Mr. Chairman, that the committee will see fit to pass this resolution at as early a date as possible, so that the bill can be brought down and the details of the legislation considered by hon. members.

Other hon. members have made reference to a future bill, but I feel that the matter of legislation concerning broadcasting in Canada is so important that it should be introduced properly in the house. Possibly everyone in the house should rely on the words of the Minister of National Revenue, but on other occasions in the house we have seen contradictions as to what was the obligation of the government under certain circumstances. It comes to mind that a short while ago certain members of the cabinet felt that the government should not be in a position to decide on the NORAD agreement, and a day later we found that the government—

Mr. Fleming (Eglinton): Order.

Mr. McIlraith: He is in order.

The Chairman: I must ask the hon. member to relate his remarks to the present resolution.

Mr. Godin: Mr. Chairman, on the point of order raised by the Minister of Finance, I feel I am now discussing the propriety of amending the resolution so it will take care of a problem. At times we are informed that the house will have something to say about certain things, and at other times that the consent of the house will not be required. That is why I feel it is pertinent to recall those instances when that problem arose. It was only for that purpose that I referred to the NORAD agreement which was dealt with in this house some time ago. It relates to the importance of this measure.

I further realize that it is essential today for the present government and the Minister of National Revenue to have the benefit of the work done in the past by the previous government, and especially the Fowler report. It seems to me everyone should agree

that this resolution should refer to legislation to be placed before the house. For my part, I intend to rely on the bill which will be presented so that I may further study this very important Canadian problem. Therefore, Mr. Chairman, I would like to move an amendment to the resolution as follows:

That the resolution be amended by inserting the words: "to introduce a measure" after the word "expedient" and before the word "to" where they appear in the first line thereof.

The Chairman: Is it the pleasure of the house to adopt the motion?

Mr. Nowlan: Of course, Mr. Chairman, if they want to waste time by moving an amendment such as this, I am perfectly happy to accept it because it is obvious—

Mr. McIlraith: Mr. Chairman, I want to address myself to the minister's remarks. The minister has come before this house asking it to pass a resolution to give the government leave to introduce a bill on one of the very important subjects affecting our Canadian life. Through an error or an oversight he has in fact worded his resolution so that it approves the action he proposes to take without obligating himself in any way to disclose to the house what that action is. His own speech shows the truth of what I am saying now.

When an hon. member follows the rules and procedure of the house and moves a proper motion in the manner in which it has been done today, the minister has no right to make the kind of remarks he has made. The amendment is wholly in order. It is a proper motion, and when the omission was drawn to the minister's attention last night I was surprised that he did not undertake immediately to introduce an amendment himself to deal with the matter properly. You will see, Mr. Chairman, that if the resolution is passed as it is now worded the house will be approving the establishment of a board of broadcast governors, and if you read the minister's speech that is not what he asked for at all. He asked for a bill to establish a board of broadcast governors.

Mr. Nowlan: How would you do it without a bill? Can the hon. member tell me that?

Mr. McIlraith: Yes, I can tell the minister, but I do not know that I should take the time to do so. The minister should have followed the precedents of the House of Commons and not lost his temper and made the nasty remarks he has made about a member who has acted properly in moving the amendment.

Mr. Fleming (Eglinton): He did not lose his temper at all.

Mr. Pearson: If the minister feels that this is of no importance at all I suggest that he look at *Routine Proceedings and Orders of the Day* for this day. He will find that there are three other resolutions there and that in every case they begin with the words, "resolved, that it is expedient to introduce a measure." All we are asking the minister to do is to follow the normal procedure. Obviously this is an oversight resulting from some sloppy work on somebody's part, and the minister might well make the correction graciously, as he so often does.

Mr. Nowlan: The resolution was drafted by the Department of Justice and is perfectly in order and in keeping with many other resolutions which have been brought before the house. It is true that on the order paper there are other resolutions with the words "to introduce a measure" but in those cases the purpose is to amend something. Here the purpose is to create something and the preliminary words, "to introduce a measure", are not necessary according to the best legal advice available to the government.

However, it is obviously a question of tweedledee and tweedledum, and I do not propose to debate it longer. If I showed any temper I apologize to the committee, but the matter involved something that I felt was so utterly wasteful of time that it was hardly worth mentioning, because obviously we are going to introduce a bill as soon as the resolution is passed. I am very happy to accept the amendment if the committee thinks it advisable.

Mr. Pickersgill: The minister has said that this resolution was drafted by the Department of Justice. Can the minister tell me when the Department of Justice began drafting these resolutions? In my rather long experience they were not drafted by the Department of Justice.

Mr. Nowlan: I could not answer that question correctly, but I know that in this instance it was drafted there.

The Chairman: Is it the pleasure of the house to adopt the motion?

Mr. Pickersgill: The amendment.

The Chairman: Is it the pleasure of the house to adopt the amendment to the resolution?

Amendment agreed to.

The Chairman: Shall the resolution as amended carry?

Mr. Pickersgill: Mr. Chairman, if I did not know the hon. member for Mackenzie River so well my feelings might have been hurt by his getting up to leave at the very moment I rose to make a few observations on this resolution. However, the hon. member for Mackenzie River and I understand each other

and I can understand, as he knows very well what I intend to say, why he does not feel it necessary to remain.

About a month ago when the Leader of the Opposition drew the attention of parliament in a forceful manner to the delay which had taken place in bringing down this very important legislative proposal which we at last have before us, he indicated that this was a matter which should not be rushed through the house at the end of the session. It is true, as the hon. member for Port Arthur has pointed out, that this matter was very carefully considered by a royal commission which made what we on this side of the house regard as an excellent report, but from the indications in the resolution before us the government intends to deviate from the recommendations of that report in one very important particular, and that with respect to the financing of the C.B.C. I intend to address myself particularly to that point.

Before I do so I should like to recall to the committee the two suggestions made by the Leader of the Opposition last evening with respect to dealing with this matter. The first suggestion was that the bill should be given first reading, allowed to stand on the order paper, and then be reintroduced at the next session of parliament so the hundreds of thousands of Canadians who are actively interested in what legislation of this kind will effect will have an opportunity to see what is proposed and study the matter and so that we, the elected representatives of the people, and the members of the other place who also have a responsibility in this matter, will have an adequate opportunity to see that all important points of view on a subject of such great interest to so many Canadians are adequately expressed in parliament.

Even if the most pessimistic views as to the length of the session should turn out to be right, I do not believe that even in that case there will be the kind of opportunity and atmosphere in which such legislation should be considered by parliament; because I think all of us from my observation—perhaps I should speak only for myself—are getting a bit weary, and there are many other urgent matters coming before parliament toward the end of the session. Having in mind the hours we sit in the house, I cannot imagine that it would be possible to have committee meetings that would not conflict with the meetings of the house, and that would put some members who are greatly interested in this matter under the embarrassment of having to choose between two duties that we consider equally urgent.

While the rest of the speech of the hon. member for Port Arthur was admirable, I certainly do not feel I could agree with his suggestion that there is no need to have the proposed bill go to a select committee both here and in the other place, if the ladies and gentlemen of the other place want to have such a committee. What the government is proposing is to alter in a very fundamental respect—there is one respect, at any rate, with which I think we agree—the whole structure of broadcasting in this country. This is a very important decision we are being asked to make.

My own preference would be for the first suggestion made by the Leader of the Opposition, that we should have first reading of the bill so the public will have a chance to see precisely what is in the government's mind, that the Minister of Finance should then bring in a supplementary estimate covering a period of one more year, as was done by his predecessor in 1957, and that at the next session of parliament the government, having its legislation ready, could introduce it almost at the beginning of the session and the committee could be set up and start to meet in the early stages of the session so it would not conflict with other matters. There would then be a better opportunity for really orderly consideration of this very important measure.

On the other hand, if the government are quite determined to proceed with this measure at this session I recognize, of course, that that is their right. While I would prefer they would not do it I think, so far as the official opposition is concerned, as the Leader of the Opposition indicated last night we would want to insist that the government do what they promised in the speech from the throne, that is set up a select committee and send this measure to that select committee. However, if this were done we would have to make sure the meetings of that committee were so arranged that it would be possible for those of us who want to attend to be present at those meetings without neglecting what we regard as the urgent business of our constituents here in this place.

Having said that, sir, I should like to make one or two observations about what I hope will be in the bill. I agree with the hon. member for Port Arthur that something should be done about political broadcasting. I have had quite a lot of experience in the negotiations that have gone on in recent years, and I have thought for a long time that it was a very disagreeable and very unfortunate duty that was imposed upon the Canadian Broadcasting Corporation by the existing legislation.

In so far as I am a member of the Liberal party and I have to take responsibility for it being there,—of course it was put there long before my time—I am quite willing to take that responsibility. However, I think it is unfortunate that the law as it now stands puts

the responsibility on the Canadian Broadcasting Corporation for apportioning the time for political broadcasting. I can well understand why the responsibility was put on the corporation in 1936, but I think events have shown that this is not a proper function of the broadcasting corporation.

I would hope the government, in drafting this legislation, would not impose this obligation on the board of broadcast governors, because of course, it will not be a function of the corporation in any event in the future. I would hope that we would follow in this parliament the precedent of Westminster, which we do when we have no other in connection with other matters, and that this matter will, in future, be settled by parliament itself. It does seem to me it is putting this organization, which ought to be completely independent, in a very invidious position to ask it to make decisions on this matter. No political party is ever going to be satisfied with the decisions that are made.

It seems to me it is just subjecting this body to unnecessary feeling and criticism. It is a duty for which, if they are chosen for the other function for which we want them to be chosen, they are not apt to be particularly qualified.

Now, that brings me to the next point I want to make. These points are to some extent, I admit, a repetition though in quite different language of some of the things I said on the amendment to the motion to go into supply, so I shall make them very briefly. I do say that the most important of all considerations which should be borne in mind by the government in connection with this legislation is to put every safeguard which it is possible to conceive into this legislation to make sure that the board of broadcast governors will be completely independent of the government and also of the opposition. In other words, we should ensure that this body has control of broadcasting.

It seems to me that the analogy I made the other day is a sound one, the analogy with the courts. We want this body of broadcast governors which is to control the exercise of the right of freedom of speech in this country, in what is the most important and influential of all media for the exercise of that right, to be free from any control by the occupants of the treasury benches, whoever they may be, or of any other political party. The only way we can do that, of course, is to make quite sure we appoint people with sufficient independence of character that they will not yield to any kind of pressure.

It was maintained by the Prime Minister in another debate and in another parliament that one way of achieving this was by denying to the government and to members of the government, even in a private capacity, the right to make any representations about this matter. I feel that is the wrong way of going about this. We do not deny the government access to the courts, and I do not think the government should be denied the opportunity to make representations about broadcasting any more than the members of the opposition should be. I believe any citizen should be quite free to make representations. We should have the kind of board and the kind of set-up which will make it possible for the Prime Minister, if he does not like a program, to say so publicly without anyone suspecting that he is trying improperly to influence the course of action of that board. It does happen that we have prime ministers from time to time who have good taste and good judgment and who, like the rest of us who are citizens of the country, should be free in a matter of this kind to express their views.

Now, that is a very different thing from exercising any kind of pressure, proper or improper. I am going to put forward what is not a new idea with me, and it is not one I am putting forward on behalf of the Liberal party. Here I am speaking as a private member of parliament putting forward an idea of my own. I put this idea forward to some of my former colleagues, but I did not succeed in persuading them.

Mr. Fleming (Eglinton): It must be a good one.

Mr. Pickersgill: It is a very good one, and perhaps I will be more successful in persuading the hon. gentlemen opposite who, as we all know, are so open-minded and who have so notably changed so many of their ideas since they were on this side of the house. It did seem to me that one way in which it might be possible to get a balance on this board of broadcast governors, a continuity which would go on regardless of changes in government, would be to provide that a substantial majority of them would be nominated by the prime minister, and that a minority of them, but a sufficient number to have some influence, would be nominated by the leader of the opposition of the day.

Since the purpose is, as the minister so well stated, to make this body responsible directly to parliament and not to the government, and to remove any suggestion that there might be any political pressure from anywhere, I put this idea forward. Frankly, sir, I do not expect that it will be accepted, but I put it forward as an honest contribution to the solution of what is a very difficult problem. I know the minister appreciates that it is a very difficult problem.

I do not believe I would be breaking any confidences if I said there are times when ministers, and I suppose this is true of the present occupants of the treasury benches as it was of others, get very indignant about what is done by the broadcasting corporation. They want to do something about it. The minister who reports to parliament is sometimes under some pressure from his colleagues to do something about it. Some of them are quite indignant when he is not able to soothe their ruffled dignity in certain instances.

As I say, this is something that is sufficiently well known that it does not need any underlining. The problem, however, is a very serious one. I am very glad that the present minister is in the position he is now because I am quite confident that he, like his predecessor, is not easily pushed around. I think the present minister has a conception of the importance—partly because he belongs to the profession to which he belongs, and partly because of his temperament—of having this body independent of the government and of any possibility of pressure from the government.

All of us who are in parliament have lived in a world in which we have seen what has happened to countries where broadcasting is the instrument of government. It is almost 20 years since the free world engaged in what up to that time was the worst and most terrible conflict in history against a country the majority of whose people, I am convinced, did not want to have a war but who had been subject to propaganda by a government that had complete control of the radio and the other facilities for the expression of views in that country. Much more than half of the world we live in is controlled by governments that also control these powerful means of influencing public opinion.

The Americans, of course, approach this matter in a different way. They say the government must not own any of these stations and must not have anything to do with broadcasting, that it must be left entirely to private enterprise. In that way they feel they will be protected from any governmental propaganda through radio. We cannot use that method in Canada or at least no government has thought that was possible since the days when the Aird commission was appointed. I am glad to see—as I said, this is one of the cases where I think Mr. Bennett was right—that the present administration seems to be following that line. However, I think the government should and will want to seize every possible method ensuring that this important board is given the degree of independence that it must have

It seems to me that degree of independence will depend upon two things. It will depend upon the character and upon the tenure of the appointees.

I am inclined to agree with the criticism by Mr. I. Norman Smith to which the hon. member for Port Arthur referred. I must say it was one of the few things in the Fowler report about which I had grave reservations. I refer to the proposed shortness of tenure of the chairman of the board. I know there is a problem there. I know that it is not easy of solution. However, it is a problem that perhaps we should not discuss very much until we see what conclusion the government has reached, because otherwise we are merely being rather speculative. Nevertheless, it is a problem of the greatest possible magnitude. As everyone who has commented on Mr. Dunton's retirement has pointed out, upon the chairman will rest the prime responsibility for ensuring in the future what we have had in the past under the Canadian Broadcasting Corporation under Mr. Dunton, namely a board that could not be pushed around by anybody. That is what we want.

But there is another thing that is equally important. We do not want a board of broadcast governors who have nothing to govern except the private stations. The way in which the Canadian Broadcasting Corporation will be financed is just as important to the assurance of this independent and effective national system as is the independence of the broadcast governors. That consideration is what disturbs me greatly over the resolution introduced by the minister. I refer to the fact that it makes no provision, and indicates that no provision will be made in the legislation, for anything except the salaries and other remuneration of the officers and employees of the Canadian Broadcasting Corporation. The scheme for financing the activities of the corporation is something else again, of which up until now we have been told nothing precise.

Before the minister asks us to agree to this resolution I feel that he should indicate the scheme of financing the government is proposing to carry out. In doing so I hope he will make it very clear that it is not to be based upon annual appropriations. Of all the methods by which a government may exercise control—and in most cases we expect the government to exercise control; it is its duty; that is what it is elected for in most cases—the best way and most effective way of controlling the operations of a government department is through the financial control. But that is precisely what we do not want in this field if we are going to ensure for the corporation that independence of the

government which I have suggested is fundamental and which we all want.

I say that for this reason. If the Canadian Broadcasting Corporation is obliged to go, as government departments do, almost on bended knee to the Minister of Finance once a year in order to justify everything they have done propriation should be increased or should be and attempt to persuade him that their apchanged, insensibly and insidiously there will be an almost irresistible temptation—I do not say that it will be yielded to—to try to please the Minister of Finance.

In view particularly of some of the views expressed by the Minister of Finance when he enjoyed the same kind of freedom to express his own views as I am enjoying at the moment, I do not think we on this side of the house would have the same confidence in having the broadcasting of this country subject to the Minister of Finance that we would in having as its trustee, as its spokesman here in this house, the Minister of National Revenue.

I say that without meaning any disrespect whatsoever for the Minister of Finance. As I say, he is perfectly entitled to his opinions; but those opinions which he expressed in the house in the past were highly unfavourable to the national system of broadcasting. It is possible, of course, that Saul has been turned into Paul and that the minister has seen the light on the road to Damascus. As a matter of fact the minister seems to have seen a great many lights since he moved over to the government side. I think he has learned a few things. However, some of us are bound to remain sceptical.

As I said the other day, Mr. Chairman, and I repeat it, I feel that in some fashion some other financial provision should be made for national broadcasting for a period of years of fixed duration on a formula that cannot be changed by the government from year to year, and that a minimum budget should be assured to the C.B.C. so they will know what they can count on.

I thought the Leader of the Opposition made a very constructive suggestion last night when he suggested there also ought to be a maximum beyond which they would know they could not go. I know what I found in my experience as the minister in charge of the film board, if I dare to use an analogy in order to illustrate my point. When I was in charge of the film board an upper limit was put upon their appropriation and they were told not to expect any more for a period of years. That procedure had a most salutary effect on the board, which was already very well run. Having an upper limit as well as a lower limit imposes or forces a sense of financial responsibility upon any organization. They are obliged to make choices. Naturally if we have good people in the C.B.C.—and good and zealous people we have —they are going to want to put on good programs. They are going to want to do everything in the best possible way. We do not want any other kind of people.

But there is a limit beyond which I do not think the taxpayers want to go, and it seems to me that it would be very desirable to follow the suggestion of the Leader of the Opposition and have both a minimum and a maximum. The great thing is that there should be certainty, and that the corporation should not have to operate in the fear that if it displeased the majority in this house or, even more serious, if it displeased the government, it might have part of its income lopped off. What would be still more serious would be that if it pleased the government it might get an extra allotment, because that is perhaps the most insidious of all the dangers.

There are many other things I would like to say on the subject, but I believe those are the salient points. I do not intend to repeat my remarks of the other night to the effect that the functions of this board of broadcast governors will be most difficult ones, especially in so far as they have to do with the issuing of private licences. That aspect of the matter was dealt with by the hon. member for Port Arthur. I think the two points I raised are of even greater importance, namely the assurance of the complete independence of the board and the assurance to the C.B.C. of a financial basis upon which it can count and with which it can plan over the years, which will make certain that it will not be subject to any kind of insidious pressure with respect to the getting of appropriations.

The Chairman: Shall the resolution carry?

Mr. Pickersgill: Surely, Mr. Chairman—has the minister nothing to say?

Mr. Nowlan: Since the hon. member for Bonavista-Twillingate has asked me whether I am going to speak, I will say that he has been most helpful and that I certainly appreciate the tone of the comments made in this debate. I do not think there is anything I can say or do at this time which would in any way assist the hon. member for Bonavista-Twillingate.

He has raised two main problems, one as to the personnel, the integrity and the independence of the board of broadcast governors. Obviously this cannot be spelled out in legislation. You could have the most drastically worded legislation in the world, but if the government wants to appoint weak men or if it makes a mistake and thinks it is appointing strong men but it turns out that

they are weak, there is nothing in legislation which can prevent that. You have to leave that to experience and to the best judgment and the best intention of the government or from whatever source the recommendations may come. That source might perchance be the Leader of the Opposition, and even he might make a mistake in making a recommendation as to the personnel of this board, as might the Minister of National Revenue or the Prime Minister.

In so far as the financing is concerned, I do not think it is advisable for me to go into the details of the bill at this time. The bill is available; I am not sure that we have 265 copies at the moment, but I know 100 copies were provided this morning for immediate distribution and the rest will be distributed within an hour or two if this has not already been done. It will be much easier to deal with this matter when hon. members have seen the bill. I can tell the hon. member however, in fairness to him, that there is no long-term financial program set out in the bill, yet I think there is a very reasonable approach thereto. It is not entirely a part-time or catch as catch can method of obtaining appropriations from parliament, and I think the best way to get these questions answered is to wait for the bill to be distributed so that all hon. members of the house may study it and then raise their questions.

A question was raised last night about sending this bill to committee, and there is no doubt that we gave an undertaking that this matter should go to the committee. If the house desires it, therefore, it shall go to committee; the commitment was made. On the other hand, I would like to have the reactions of hon. members to the bill after they have seen it and considered all its aspects so that the bill may be discussed informally, and again formally, whenever it is taken up, which may possibly be tomorrow if consent is given or, if not, next week. In any event, I hope the committee is now willing to pass the resolution. The bill will be made available immediately thereafter.

Mr. Pickersgill: There is one question of a purely factual nature which I would like to raise. Does the bill include a financial scheme?

Mr. Nowlan: Mr. Chairman, I do not know how you spell out a scheme, but it includes a plan of financing, yes.

Mr. Pickersgill: Thanks.

Mr. Nowlan: The bill includes practically every matter to which reference has been made during this debate. Perhaps these matters have not in all respects been dealt with in a way satisfactory to some members or in a way with which every member will be in complete agreement, but all the various problems and matters raised so far during this debate have been covered, or at least an attempt has been made to cover them, in the bill which is ready for distribution.

Resolution reported and concurred in.

Mr. Nowlan thereupon moved for leave to introduce Bill No. C-55, respecting broadcasting.

Motion agreed to and bill read the first time.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS TO AUTHORIZE DELETION OF CERTAIN ACCOUNTS, CLARIFY ISSUE OF GOVERNOR GENERAL'S WARRANTS, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-43, to amend the Financial Administration Act.

Mr. Benidickson: Is the minister going to make a statement?

Mr. Fleming (Eglinton): No, Mr. Chairman, I had not intended to make a statement on this motion for second reading of the bill. At the resolution stage preceding the bill I made an extended statement on the nature and scope of the bill. That statement is to be found in *Hansard* for July 29 last, beginning at page 2823, and I think I can add nothing useful to that statement at the present time. The bill is quite short, and its objects were clearly set forth in the statement I made on July 29. Any questions which arise could, I think, be more usefully dealt with at the committee stage.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, as the minister has stated, the details with respect to the purposes of this bill were given by him on July 29. On that occasion I also had some remarks to make with respect to the bill and as I said before it is quite obvious to me, as I am sure it is obvious to a great number of the members of this house, that this bill, coming to us at this stage of the session, is a very remarkable retreat from the position taken by the Minister of Finance in the last session of the former parliament.

In fact, I find that he has even changed his language with respect to his views on section 28 of the bill, because when we discussed the question of the necessity of bringing before parliament a discussion of governor general's warrants on January 30, January 31 and February 1 of last session, the minister and his colleague the Minister of Justice asserted with great vehemence and

conviction that this was not necessary. They even suggested it was not desirable and when the opposition pointed out that this was quite a departure from previous practice they merely indicated that they were simply bound to report to parliament that an order in council had been passed, as they said had been done, and that there would be no chance whatsoever of debating the item in committee of supply.

We know that parliament was dissolved that day and the argument was not pursued. If parliament had continued I am quite sure the two ministers who in the past had so much to say about parliamentary rights certainly would not have been allowed by the opposition to continue in that stand. I think it is quite obvious that the public themselves were not going to allow them to take that position.

Over the years invariably governor general's warrants had been brought forward subsequently for parliamentary debate. We found it extremely shocking at the time to learn that the Minister of Finance in particular, and also the Minister of Justice, who as I said had so much to say about parliamentary rights, would take that adamant stand and suggest that because the money had been spent there would be no proper opportunity given to discuss the item in committee of supply.

Just to illustrate the kind of somersaulting that has taken place, as the hon. member for Bonavista-Twillingate said in the previous debate and to underscore the difference between the views of my hon. friends when they sat on this side of the house and the views they espouse today, and which can be determined from their actions now that they sit on the government benches, I wish to refer to some statements made by some hon. gentlemen on previous occasions when they sat on this side of the house.

I first wish to refer to the strong language used by the present Minister of Justice in 1949 when referring to the rights of parliament to discuss any item that involved expenditure. We were discussing the Canadian Commercial Corporation on March 23, 1949, and as reported at page 1905 of *Hansard* of that date the hon. gentleman had this to say:

> If contracts can be financed and deliveries obtained merely by descending on the consolidated revenue fund without the specific authority of this house, then certainly such operations could be continued, as long as there was money in the fund, without coming to parliament. This is one more stage in the progressive loss by this house of its control over the expenditures made by the executive.

I also remind hon. gentlemen opposite that when some direction was proposed to be placed in the hands of the Postmaster General in 1947, the present Prime Minister with his usual eloquence used some extremely stark language in describing his views on the subject. I shall not read the lengthy speech he made, but he concluded with the following words that may be found at page 357 of *Hansard* of February 12, 1947:

> I should like to hear the Postmaster General, with his penchant for criticism, on this side of the house if any one of us should ask for power to expend three or four hundred thousand dollars, uncontrolled by parliament. It is a dangerous principle and one which I am sure on consideration he will realize places too great power in the hands of any minister.

In April 1949 when the present Minister of Finance was sitting in opposition he was concerned about the possible dissolution of this house and a forthcoming election. He expressed concern about the government of that day exercising certain rights as are provided by the Financial Administration Act to make expenditures by governor general's warrants. He argued that the house should remain in session until the estimates of that day were passed and, as reported at page 2697 of *Hansard* of April 28, 1949, he said:

> I submit that there is one responsibility, perhaps paramount to all others, which a free parliament cannot lightly reject. The control of parliament over the raising of money and over the expenditure of money has been historically the means by which parliament has exercised its control over the executive branch of the government. It was when parliament in days gone by acquired the exclusive right to decide how money should be raised and how money shall be spent that parliament won its conflict with monarchical power; and finally when parliament won that exclusive right, it established our present constitutional, parliamentary form of government on a secure foundation. Any departure from that principle of responsibility is a departure that will be taken with grave risk to our whole basis of government.

What a difference there is in the attitude revealed by those words and the attitude adopted by the minister last session, when he indicated that as the money had been spent there was no purpose in presenting the item to parliament. He suggested that simply advertising the matter in the *Canada Gazette* and tabling the report at the opening of parliament was adequate and parliamentary debate would be stifled, notwithstanding the fact that over the years an item had always been placed in the estimates in subsequent sessions to enable hon. members of this house to debate it in committee of supply.

I realize there were no governor general's warrants asked for by the previous administration after the time the Financial Administration Act was amended in 1951. The precedents that exist of course existed prior to the enactment of section 28 in the form in which we have it today. However, I looked up the debates of the public accounts

committee of 1951, because it is that committee that is chiefly and zealously concerned about our rights in committee of supply. So there will be no doubt that this was under consideration at that time I want to draw the attention of hon. members of the house to pages 70 and 71 of the minutes of proceedings of the public accounts committee. The witness before the committee on that occasion was the then deputy minister of finance, Dr. Clark. He was being questioned by the then financial critic of the official opposition of that day, the then private hon. member for Greenwood, the present Minister without Portfolio (Mr. Macdonnell). This is the only questioning I could find recorded in those minutes with respect to section 28 but it leaves no doubt whatever that there was no thought that the passage of this new statute would in any way alter the historical practice of bringing to the committee of supply and drawing its attention to, with an opportunity for debate, items relating to governor general's warrants. The following exchange occurred:

Mr. Macdonnell: This is in the terms of the old section, is it?

Mr. Clark: No, there are three or four sections which have been added. I called attention yesterday to them. No. 3 will require the governor in council to publish the warrant in the *Canada Gazette* within thirty days after the issue of a warrant.

That was new. The present minister of Justice then asked the following question:

Mr. Fulton: Are they automatically reported upon in the public accounts?

Mr. Clark: In the estimates too each year they are brought before parliament—added at the end of the supplementary estimates.

The chairman then inquired if section 28 would carry. The opposition was satisfied that these would come before parliament; that was the extent of the debate on the amendment to section 28 at that time, and it was carried without further discussion.

The Minister of Finance, as he indicated in the debate that took place on February 1, the day the last parliament was dissolved, suggested that this change concerning the matter of publication in the *Canada Gazette* was going to be the extent of his responsibility with respect to governor general's warrants. Hon. members who were not in the house at that time may not be familiar with the fact that there were two governor general's warrants issued after the election of 1957. As I have indicated, this did not please hon. members of this house who were familiar with the practice of this parliament, nor was it satisfactory to people across the country who felt this was indeed a new and drastic departure and something for which the government should be rebuked.

The following is typical of some of the editorial comment that resulted from the decision of the two ministers at that time. The Victoria *Daily Times* on March 6, 1958, had this to say:

It seems incredible, but when the Diefenbaker government was asked, in the closing hours of the last parliament, whether it would submit its warrants to the next parliament it replied that it would not.

This official announcement was made on February 1 by Mr. Davie Fulton, Minister of Justice, and Mr. Donald Fleming, Minister of Finance.

They said the government would adhere strictly and narrowly to the letter of the law. The law does not require the government to do more than publish its warrants in the *Canada Gazette* and this the present government intended to do.

As I say, this was typical of the comment made. I am not going to read other comment in a similar vein, but an election campaign was on. I wonder now whether we would have this legislation if the government had been elected with the present majority in the election of 1957. In any event, an election campaign was on, and the Prime Minister was sensitive to the impropriety of this stand that had been taken by the minister. He announced that if he were prime minister in the new parliament he would reverse this decision, and any warrants that were issued by the existing administration would be submitted to the subsequent session of parliament. This, of course, received a fair amount of favourable comment as the original decision received unfavourable comment. The Halifax *Chronicle-Herald* of April 30 had this to say regarding the Prime Minister's decision:

This is good. The expenditure of public funds through governor general's warrant without subsequent parliamentary approval, as was done early this year, was unprecedented and, for many Canadians who jealously guard parliament's rights, it must have been a bit disturbing. They will now feel better with the knowledge that the manner in which these funds were spent is to be given special scrutiny.

Therefore I say we have this amendment to the Financial Administration Act because the Minister of Finance has retreated from the position he took last session, and because of the commitment of the Prime Minister and the necessity of the Prime Minister to reverse his ministers during the election campaign.

In introducing the resolution the minister is reported at page 2823 of *Hansard* as saying that he felt this amendment had to come forward because the wording of the act, that has remained virtually unchanged since provision for the use of special warrants was made shortly after confederation, has been found in some respects to be lacking in clarity. How different is that face-saving statement made in introducing this legislation from the stand he took on February 1, 1958, as reported at page 4185 of *Hansard*,

when he said this when we were criticizing him for departing from the practice of giving an opportunity in supply for debate on governor general's warrants:

> It is crystal clear that when that governor general's warrant was issued by order in council last summer it had, by the force of a statute, the Financial Administration Act, the quality of an appropriation, an appropriation in that respect having the same legal effect as an appropriation by an item in the appropriation bill passed by this parliament.

I remind the house of the debate in the public accounts committee when the Financial Administration Act was last amended, and the assurance of the deputy minister of finance that there was no intention of changing the practice of bringing those items into the book of estimates.

When we assembled this morning, Mr. Speaker, and before the orders of the day were called, the Minister of Finance tabled a very comprehensive document consisting of 69 pages, with respect to the resolution that also appears on the order paper dealing with the governor general's warrants of 1957-58. This document contains the type of detail that we usually find in our book of estimates. Presumably, probably this afternoon, we are going to be called upon to debate the resolution to which this extensive document relates. I protest, Mr. Speaker, at the lack of consideration of the Minister of Finance in providing this detail at such a late stage in the session.

Mr. Speaker: I thought when the hon. member went on that perhaps he was confusing two debates. We do have the item on the order paper to which he has just referred, and part of what he has already said relates to that item. I would ask him to try to confine himself to the principle of the bill now before us for second reading. He will have an opportunity to deal with the other matter later.

Mr. Benidickson: I shall endeavour to do that. I simply wanted quickly to draw attention to the relationship of the resolution which is to be discussed later and the bill which is before us at the moment. This bill is establishing, in the words of the Minister of Finance, a clear-cut practice with respect to governor general's warrants. As a result, after the passage of this bill there will be presented to us, as authorized in this bill, a resolution with respect to the warrants of 1957.

I simply say that in the previous debate at the resolution stage of this bill, in previous debates this session on the appropriation acts, we have made it very clear that we would not only insist on getting the details of the governor general's warrants and having an opportunity to debate them, but that we felt the minister should indicate to us in detail the breakdown of the $73.6 million which is the difference between the unappropriated items appearing in the book of estimates for 1957-58 and the governor general's warrant of February 7, 1958.

Mr. Fleming (Eglinton): Mr. Speaker, I do not wish to interrupt my hon. friend. I hope we are going to make headway with this bill. But surely his remarks now are remarks which pertain to resolution No. 9 on the order paper today and not to the bill which is before the house now. There will be ample opportunity for my hon. friend to say whatever he wishes, that may be in order, on that resolution, but surely that is the place for such remarks as he is now making.

Mr. Benidickson: I am anticipating. Of course this item is going to be called, and I am indicating to hon. members what a difficult job they are all going to have, as the result of this legislation, in dealing with the resolution that is consequent upon the passage of this bill that is now up for second reading.

Mr. Fleming (Eglinton): It is not consequent upon the present bill at all.

Mr. Benidickson: Mr. Speaker, in view of the importance of this particular legislation I indicated at the resolution stage that I felt it should be considered by the public accounts committee. The previous amendment to the Financial Administration Act was submitted to the public accounts committee as I have indicated. Since the resolution debate of July 29 we have had meetings of the public accounts committee. We had the Auditor General present, and he outlined to us the importance of the historic parliamentary practice of examining expenditures in supply. We discussed to some extent the subject of governor general's warrants and how much more convenient it would have been if this particular statute had been officially before the public accounts committee. There would have been no hold-up in connection with the passage of this bill because, as I say, the debate on the resolution stage took place on July 29, 1958.

The public accounts committee is still sitting. This is August 19 and we are on second reading. The bill should have been studied by the public accounts committee. It could have been reported back to the house within a matter of a few days, but even that opportunity was denied us.

I have no quarrel with respect to the other sections of the bill before us. I simply point out that the chief interest is with

respect to the minister's statement that this amendment is needed to clarify the procedure under which we, in previous years and even this session, have dealt with governor general's warrants. I repeat that the minister did not think there was any need for clarification some time ago. Certainly if one examines the precedents for many years past there was an invariable practice in the house under the previous administration of presenting their warrants for discussion and debate by members of the house, and that could have been done last session.

With respect to those of August, 1957 there was every indication when we passed the Financial Administration Act in 1951 that that practice would not be departed from, and I say that fortunately we are being given this opportunity, which was denied last session, because an election campaign intervened and the present administration was not returned the last time with a substantial majority that would have eliminated the necessity of another election.

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

Clause 1 agreed to.

On clause 2—*Payments urgently required.*

Mr. Herridge: Would the minister mind giving the house an illustration of what type of circumstances would require the application of this clause?

Mr. Fleming (Eglinton): Clause 2 has been proposed with a view to modernizing the language of section 28 of the Financial Administration Act. Section 28 has persisted in its present form virtually since confederation. One change that was made when the act was reviewed some five years ago was to provide for the publication in the *Canada Gazette* of the governor general's warrants, "special warrants" as they are called in the section.

The language of section 28, dating back as I have indicated almost to confederation, contemplated that resort would be had to the issue of special warrants in cases where an accident happened to a public work or building when parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when parliament is not in session in respect of which an expenditure not foreseen or provided for by parliament is urgently required for the public good. The section goes on to provide with respect to the second case for the steps that may be taken in such a case where no appropriation has been made by parliament for the situation which has arisen.

In the amendment that is now before the house it is proposed that the language be modernized. Obviously the case that appears in second place in the language of the present act is very much more important and very much more likely to happen than the first one. Nowadays the happening of an accident to a public work or building is not the kind of situation that is most likely to give rise to the need for issuance of governor general's warrants. That dates back to the sort of circumstances that were no doubt in the minds of our predecessors in parliament nearly 90 years ago.

What is proposed now in the amendment is that we put the situation in which governor general's warrants should be used in these terms, "where a payment is urgently required for the public good when parliament is not in session" and no other appropriation is available. In other words, that is the proper ground. It is already provided for in the section, and it is felt that if we put the case in that form we do not need any longer the opening words of the present section 28 in relation to an accident.

My hon. friend asks about the circumstances under which resort might be had to the issuance of a special warrant. I think I can best answer his question by referring to the situation in which the governor in council found himself last August when two warrants were issued. Parliament had made an appropriation in the previous spring, that was exhausted by the beginning of the summer, to provide for the maintenance of Hungarian refugees. We were confronted with a situation in the middle of the summer of 1957 where either we had to recommend to His Excellency the issuance of a special warrant or there just would not have been any money at all to provide food and shelter for these refugees coming into the country. As parliament had not made that provision, and as we felt it our duty to do so, we recommended the issuance of a special warrant and that step was taken.

I do not think I need to go further than that into the history of the issuance of warrants. There have been many warrants issued over the years, but I think I can best answer my hon. friend's question by that concrete example in recent times.

Mr. Pickersgill: I should like to ask the minister one question. The change in this wording will never be used by the present government as an excuse not to repair wharves?

Mr. Fleming (Eglinton): I hope the present government will always exercise sufficient foresight to make adequate provision for the repair of wharves in the normal way in the estimates.

Mr. Pickersgill: That is just what I am afraid of. Wharves sometimes happen to get destroyed when parliament is not in session, and I hope there is no thought that in those circumstances the government would not act.

Clause agreed to.

Clauses 3 and 4 agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

CUSTOMS TARIFF

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-50, to amend the Customs Tariff.

Mr. Benidickson: Is the minister going to make any comments about the amendments?

Mr. Fleming (Eglinton): No, that was not my intention. The bill simply follows the resolutions which were before the committee of ways and means on three occasions, and before the committee at some length on August 12 and 13. The bill simply follows verbatim the amendments that were set forth in the resolutions that were reported upon favourably by the committee of ways and means.

Mr. W. M. Benidickson (Kenora-Rainy River): The minister referred to a favourable report from the committee on the resolutions, Mr. Speaker. He, of course, remembers that there was a division in the committee. I am one who does not believe in too much repetition in matters of this kind. The minister and I sat together on the rules committee, and we were somewhat concerned about this kind of thing.

However, at the resolution stage there is an opportunity for general probing, shall I say, on behalf of the opposition, who have not the full information that is naturally available to the administration with respect to legislation for which they have planned and with which they have dealt for some period of time.

I do not want to repeat some of the general assertions I made at the resolution stage. There are some of us who feel very keenly that in the bills that follow budget resolutions there is a tendency which we deplore and which we feel will reduce our general volume of trade by reason of the restrictions and so on that are proposed therein. I was not fully satisfied during the committee stage with the minister's explanation or what I thought was a lack of frankness in describing some of the developments that result from negotiations because of our membership in GATT. I pointed out to the minister, and I do not want to repeat it, that in 1955 and 1956 a very substantial and comprehensive statement was given by the former minister of trade and commerce with respect to the negotiations of consequence relating to Canada that had taken place as a result of the annual conference of countries who belong to this trade association.

I felt the minister gave the impression to the committee during the last stage of this debate that there was nothing obligatory—perhaps there is not anything obligatory—at any stage, but certainly he indicated that it was not even the practice to report anything that was not a new negotiation in relation to our association with these many nations in GATT.

Mr. Fleming (Eglinton): I do not think my hon. friend is correctly stating what I sought to convey to the committee of ways and means. He was asking why a long list had not been set forth in the manner of 1955—

Mr. Benidickson: And 1956.

Mr. Fleming (Eglinton): —and I indicated the reason. I made quite clear also, Mr. Speaker, what were the results of the negotiations that preceded the introduction of the various resolutions respecting the Customs Tariff that were before the committee of ways and means. I stated there had been no change in the United States tariff, but I indicated the numerous changes proposed in the Canadian tariff as the result of our negotiations with the United States on the recommendations that had been made by the tariff board in its various reports. These were fully before the committee of ways and means on August 12 and 13.

Mr. Benidickson: I do not in any way object to the intervention of the minister, although we are on second reading of the bill. If I am inaccurate in any way at any time I want to be corrected. The point I was endeavouring to make was that we did have, in 1955 and in 1956, a general and comprehensive statement from the then minister of trade and commerce, Mr. Howe, with respect not only to the original negotiations, which I thought

were overly emphasized in the committee in our last discussion, but the renegotiations. I have, since that debate, reread *Hansard* for June 14, 1955, page 4751, when Mr. Howe tabled, for the benefit of the house, those documents which I think were very informative and very important to the country at large.

I said in referring to that point when we last discussed this matter, I think on August 13, that I thought the Minister of Finance overly emphasized the necessity of informing parliament about the year's activities with respect to this important trade relationship when he referred to the matter of new negotiations.

In 1955, as found at page 4750 of *Hansard,* the then minister of trade and commerce said he was reporting not only upon the entrance of a new trade partner in the GATT agreement, which was at that time Japan, but that he was in the second place reporting upon the giving of effect to the desire of some other countries to renegotiate certain increases in tariff rates bound under the general agreement; and third, to renegotiate increases in certain Canadian tariff rates which are bound to other countries under the agreement.

The point I want to put before the minister is this. This is a method of operation that I think should be followed by the government. The minister is equally responsible with the Minister of Trade and Commerce for matters of this kind. He indicated that in 1957 he had no report, but he suggested that this was owing to the fact that there were no new negotiations. I believe there were some renegotiations in 1957. I suggest to him that this is a practice he might very properly follow, because there was great value to the businessmen of the country in knowing what its administrators were doing in this important field of trade.

I remind my hon. friend that we heard from some of his colleagues that they intended to be very frank with parliament if they assumed the responsibilities of administration. I recall a very vivid headline in connection with a speech by his colleague the Minister of Transport when he said "We will not be high and mighty like the Liberals; we will inform parliament about everything that goes on". I suggest to him that a pattern was introduced that very well could be followed, namely the pattern introduced by Mr. Howe in 1955 and 1956 after the Geneva conferences, of reporting very fully to the House of Commons. That in turn permits general information to be obtained by the businessmen concerned relating to our important negotiations in this particular field.

In order to indicate, particularly to new members of the house, just how widespread are some of these things, I wish to refer to a newspaper editorial. I confess that this particular reference impressed me because, although I come originally from western Canada and now reside in Ontario, I had not completely realized just how much some trade concession in one place in its quid pro quo affects another part of our very vast land. On August 6, just a few days ago, a most interesting editorial in the Halifax *Chronicle-Herald* commented upon our trade situation. The minister had given an indication that he felt obliged, perhaps owing to some commitments made by the Prime Minister in the election campaign, to revise our commitments under GATT with respect to fruit and vegetable importations, largely those from the United States. May I just very briefly quote from this editorial in the Halifax *Chronicle-Herald* to this effect:

> An agreement made under GATT in 1947 provides Canada with a market quota of 400,000 cattle a year in the United States. It has been a boon to the beef industry of this country. But in that same agreement we had to reciprocate with concessions which included a fixed low tariff on American fresh fruits and vegetables.

Mr. Fleming (Eglinton): Mr. Speaker, I do not know how my hon. friend can use this editorial by way of illustration. There is nothing in this bill that affects the tariff on fresh fruits and vegetables at all. My hon. friend is referring to pending negotiations which were mentioned in the budget speech, but there is nothing in the bill before us that touches that subject whatsoever.

Mr. Benidickson: Mr. Speaker, you will recall that when we were at the resolution stage on the three or four resolutions—I think it was three—that resulted from the budget announcements, we had a division in this house as to relevancy in committee of the whole. There were precedents for and against the decision which was taken by a majority at that time. But I suggest to my hon. friend that he will not likely find precedents for the discussion of an amendment to a budget bill as restrictive as that under discussion at the resolution stage in committee of the whole.

I assure my hon. friend that at this stage of debate in this session I am only going to use this reference as an analogy in order to indicate the importance of the House of Commons getting full information with respect to trade treaty matters that come into the legislation subsequently, as they are coming before us at this stage.

Mr. Speaker: Order. The hon. member who has the floor of course appreciates the fact that this debate is on the second reading of Bill No. C-50 which, when second reading has been disposed of, will go to committee

where an opportunity will be provided to discuss the many details of the bill. So far as there is any principle involved in this amendment to the customs tariff, it should be the subject of our debate at this stage rather than specific items in the bill or matters extraneous to the bill. It perhaps is not easy to define the principle of a bill which is made up of a great many individual items, but I trust that the hon. member who has the floor will bear in mind what I have said in proceeding with his argument.

Mr. Benidickson: Yes, Mr. Speaker. I am simply pointing out the fact that when we come to the detail stage we shall find that some of the points which we must resolve at that time in committee are points that result from our position under the GATT arrangement. The minister, of course, indicated that when we were at the resolution stage. My point in a general principle discussion was that I myself had been somewhat surprised as to the ramifications of some of the decisions that are made in these trading negotiations.

I think after just a very few words more all members of the committee will realize what I have in mind. I indicated that I have a background in western Canada. I am quoting from a maritime paper. I am indicating that when an administration proposes to change some of the trading relationships that it has entered into under this extremely important trade agreement, namely GATT, some of the results are not obvious. That observation of course, would apply to many of the customs tariff items that are part of the bill that is before us at the present time. I was going to continue to quote from this editorial which says that under the same agreement, namely GATT, we had to reciprocate with concessions which included a fixed low tariff agreement for United States fruits and vegetables. It says:

> There is a clamor in Canada now to have this duty raised and, in return, U.S. cattlemen are demanding at Washington that the tariff on Canadian livestock be increased. There is no way for Canada to win. In fact, in negotiating tariff boosts it stands to become the biggest loser—and in this case, Nova Scotia—

This is what surprised me, Mr. Speaker.

> —Nova Scotia would suffer again quite heavily. If sales to the U.S. were cut down, the Canadian market would be flooded with beef raised on the vast ranges of the western provinces and this at a time when farmers of this province are being encouraged . . . Ottawa should make sure that, in trying to satisfy one group now demanding more tariff protection for its product, it does not bring harm, and possibly even greater harm, to another.

I have introduced that statement to illustrate to members of the house how interlocking are some of these tariff changes such as are provided in this bill. I have the feeling that the minister has not yet given adequate consideration to making Canadians as fully informed as they should be even after negotiating, of the negotiations which have taken place.

I might say to the minister in all frankness that I have never been to Geneva; I have never been a participant in one of these trade discussions over there, even though I was associated with the minister of finance as a parliamentary assistant for a while. I should perhaps be better informed if I had been able to attend such discussions, but I do realize that in the administration there are people who believe that even after negotiation we as Canadians should get our information from the annual report of GATT itself.

Since the debate at the resolution stage I have made some inquiries, and we did discuss at the resolution stage the information available to United States citizens. As a result of my inquiries I have some information as to the type of details which are given to all those who are interested in these trade items in the United States. For instance, I have in my hand the foreign commerce weekly which is an official document issued by the United States department of commerce dated July 21, 1958, and in this document there is full and complete information for the public of that country with respect to the concluded negotiations under our GATT trading arrangements. They have even duplicated that type of effort in that the state department seemingly does the same thing. The other document in my hand is entitled, "Department of State Bulletin" and is dated August 4, 1958. On the frontispiece it says it is the official weekly record of United States foreign policy, and on page 215—

Mr. Speaker: Order. I must say I have very grave doubts that the line followed by the hon. member has anything to do with the question before the house.

Mr. Benidickson: On the contrary—

Mr. Speaker: I took him to be relating the bill to our obligations under GATT, and that is well and good; but his line seems to be at this moment a criticism of the government for its actions in not giving information or something of that kind, which appears to be a little off course.

Mr. Benidickson: If I may say so, Mr. Speaker, I think it is right on course in that we are being asked to adjudicate and resolve a question with respect to trade negotiations which have taken place, and which modify or alter our trading agreements under GATT.

I am saying that in other legislatures more information is available to those who have anything to do with a decision such as that which we are very shortly to be called upon to make. I indicated that in 1955 and 1956 the former minister of trade and commerce made a very full statement as an appendix to *Hansard* before we came to this stage in debate. I am also saying that this information is made known not only to the legislators in the country to our south but is also made known to everybody as the result of wide distribution of a public document. The second document to which I referred was the department of state bulletin and on page 215 it says:

Renegotiations under GATT Concluded with Five Countries

I am not going to pursue that because Canada is not named as one of those five countries, but I am saying that the policy which was available to either the Minister of Trade and Commerce or the Minister of Finance, as laid down by Mr. Howe in 1955 and 1956, was a good one and should be followed here. We should have annually a report from either of these ministers indicating the negotiations which have been concluded and then, when we are asked at this stage to bring down judgment on the legislation presented to us, we would have the information which seems to have been lacking from 1957 to the present date in 1958.

Mr. Speaker: Are we ready for the question?

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sorry the minister has not seen fit to deal with the point raised by my hon. friend from Kenora-Rainy River.

Mr. Fleming (Eglinton): How could I do that without closing the debate?

Mr. Pearson: The question was put, and that is why I got up; Mr. Speaker said, "Are you ready for the question?", so obviously the Minister of Finance was not going to speak.

Mr. Fleming (Eglinton): We discussed this ad nauseam last week.

An hon. Member: Ad nauseam to whom?

Mr. Benidickson: Only to the minister.

Mr. Pearson: We now have evidence which confirms the view we held and which certainly makes our previous discussion ad nauseam. The minister at that time said, with respect to these negotiations under GATT for the amendment of our Customs Tariff, that he could not give the house or the committee detailed information as to the concessions which were given and received. In other words we would not be able to ascertain—

[Mr. Benidickson.]

Mr. Fleming (Eglinton): That is not what I said.

Mr. Pearson: —what we gave and what we received. It was all lumped together in the schedules. The minister said the difficulty in giving this information was that it would be giving the details of the negotiations. Of course no one has the right to ask for such details. But when the negotiations are completed, even if there are negotiations under GATT all the information should be made available to the house. The minister agreed that if there were new negotiations they should be revealed to the house but that if they were merely annual renegotiations, that was something else. He went on to say—I think he will agree that this is an accurate statement of what he said—that the course he proposed had been followed by the previous government.

It is quite clear from what my hon. friend the member for Kenora-Rainy River said and from the evidence he adduced, that in 1955 and 1956 this information was given to the house even when it concerned not a new negotiation but a renegotiation. The house at that time was able to ascertain before it voted on a bill of this kind exactly what we had given under GATT and what we had received as a result of these negotiations. That is not only the course which was followed in this parliament by the previous government but it is the course followed in the United States. As my hon. friend pointed out, they have gone to great pains in the United States to announce negotiations which are about to take place and to give information on all of the results of those negotiations when they have been concluded.

This matter is of extreme importance for the reason I shall mention in a moment. If my hon. friend maintains the position he has taken we may well find that when we are negotiating with the United States that the information to which we are entitled arising out of that negotiation—the detail of what we gave and get—can be obtained only from the United States, and not in the form in which we are entitled to receive it from our own government. That is the point, and it is an important one.

When the minister took the stand he did the other night that information on this matter can be given to this house only if it is a new negotiation under GATT, I think we on this side of the house are entitled to say that in doing so the minister was following a course that has not been followed in the past and was withholding from us information to which we are entitled.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the Leader of the Opposition apparently has set about distorting the remarks I made in this house last week. I cannot imagine anything more unprofitable than to start in today, at this stage of the proceedings, with a repetition of the discussion which was carried on last week at great length in the committee of ways and means when the resolution was before the house.

My remarks on this subject are all on record, and I cannot see that any sensible purpose would be served by reviewing the whole subject again. But let this be clear for my hon. friends to understand if they will. The negotiations with the United States under the terms of GATT with respect to all the items that were bound under GATT and included in the bill now under discussion were all carried on with a view simply to freeing Canada's hands to make such changes as would be required to give effect to the recommendations of the tariff board, or such of them as it might be proposed to put into effect. This was not a negotiation in which we were asking for some concessions on the part of the United States with respect to its tariff in return for changes in the Canadian tariff. This was a negotiation in all cases—and when I say all cases I mean zinc, iron and steel, and pipes and tubes; all three of those—carried on simply with a view to freeing Canada's hands. We were not seeking concessions on the part of the United States with respect to tariff changes on their part. We were simply seeking on their part that they should concede to us the right to make such changes as were proposed, and what is laid before parliament in the series of resolutions now embodied in this bill is simply the result of these negotiations involving on the part of the United States no change whatever in their tariff, involving no more on their part than agreeing to untie Canada's hands with respect to such of those items as were bound on Canada's part—

Mr. Benidickson: Mr. Speaker, would the minister permit a question?

Mr. Fleming (Eglinton): —and involving on Canada's part an attempt to negotiate a package deal. I have used the expression "package deal" with regard to some of these negotiations. The house has been given the fullest information as to the changes that Canada acquired the right to make as a result of these negotiations, the unbinding of items. It is all before parliament. It could not be reported sooner because, as I said days and days ago, these negotiations were completed just before the budget was brought down, and the house has had all this information since June 17.

Now, I hope what I have said will put the matter in its true light and true focus. The house has all the information. The information is all before the house. There is nothing to report as far as action on the part of the United States with respect to its tariff is concerned because there is no change in its tariff.

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

On clause 1—*Definitions.*

Mr. Benidickson: Mr. Chairman, I should like to make a few additional comments on clause 1. Hon. gentlemen know that at the second reading stage I was entitled to make some remarks and the minister was entitled to reply. I could not, of course, make an additional speech at that stage. I did ask the minister if he would permit me to ask a question, but he either did not hear me or did not feel it was a proper time to permit an interruption.

In any event I wish to point out on this important matter involving several of the items we will subsequently discuss that on August 13, 1958, as reported at page 3480 of *Hansard,* the House of Commons may have obtained some information from the minister with respect to these negotiations that were concluded, but the house received it only after several hon. members asked for it and after some probing on the part of hon. members of the opposition. The point I wish to make is that in 1955 and 1956 there seemed to be a co-operative attitude and an established pattern of reporting to this house in a comprehensive way about all our negotiations under these important trade treaty arrangements. The minister did give us some information about the negotiations that took place with the United States as reported at page 3480, but it came only as the result of probing by the opposition.

In his major remarks in reply at the second reading stage the minister said these negotiations did not involve a change in the United States tariff and then, of course, he indicated the reason to be that Canadian changes in tariff had both increases and decreases that affected the United States. I say those are negotiations of consequence to Canadian industry. I say that after they had been concluded and prior to a debate in this house, unlike the practice followed in 1955 and 1956, we should not find it necessary to have to probe for this information. I suggest

that as an annual event it should be included in a report from the Minister of Trade and Commerce or, in the case of bilateral trading largely conducted by the Minister of Finance and his officials and their opposite numbers in the United States, either he or the Secretary of State for External Affairs should make this information available.

Such information as we do have was not voluntarily given and was obtained only as a result of questioning. In 1955 and 1956 we had a comprehensive report, and I suggest that is a good practice for the future. We know nothing about the things we have not asked about. Those of us who sit over here are busy watching this, that and the other thing, and we have no day to day contact with the negotiations. The Minister of Finance or his colleague the Minister of Trade and Commerce should give this kind of information to the house as a routine proposition. I suggest he give consideration to that for the future.

The Chairman: Shall clause 1 carry?

Mr. Pearson: Just before it carries, since the minister seemed to think I misunderstood completely what he said the other night and may have misled the house in connection with the remarks he made on page 3480 of *Hansard*, I again quote exactly what he had to say in regard to those negotiations and concessions which were made. The minister said:

> But with respect to the items of the Canadian tariff we have obtained a concession on the part of the United States that gave us liberty to make the changes in our tariff that are embodied in the resolutions now before the committee, so far as those items had previously been bound, and have undertaken to make certain changes in our tariff as the quid pro quo to the United States; so what we bring before the committee now is a complete package, and the results of those negotiations are fully embodied in the terms of the resolutions.

Therefore we did receive concessions and we made concessions. It is our contention that when this is done under GATT, even though it may not have meant a change in the United States tariff itself, there were concessions given and concessions received as the result of this bargaining, that we should be told in advance of the bill what those concessions are. That is the point we are trying to make.

Clause agreed to.

On clause 2—*Schedule A amended.*

Mr. Pickersgill: Mr. Chairman, paragraph (d) of clause 2 is the paragraph that relates to the wool tariff, and I would like once again to express the opposition of this party to the increase. If I am mistaken in this I would ask the minister to correct me. I do not want to take up the time of the committee or prolong the proceedings by repeating the arguments that I have had two opportunities to make, once on the budget and once on the resolution, about this matter. Therefore, in order to register the opposition that my hon. friends and I take to this increase in the wool tariff, sir, I move that clause 2 be amended by striking out paragraph (d) and relettering paragraph (e) as paragraph (d).

Amendment negatived: Yeas, 17; nays, 44.

The Chairman: I declare the amendment lost.

Clause agreed to.

Clauses 3 and 4 agreed to.

On the schedule.

Mr. Benidickson: We did have some discussion on some of those items, and I do not propose to repeat that discussion. But the Minister of Finance indicated there was one item that involves the import of automobile parts that was the subject of recent negotiations with the United States as a result of our relationship with that country under GATT. We had some discussion on August 13 about the remarks of the Minister of National Revenue to a delegation of unemployed members of the united auto workers' association which indicated that this government was actually attempting, by tariff increases, to improve the opportunity for manufacturing in Canada rather than the reverse. Now, these were concessions. These items permit the import of certain items into Canada at lower rates of duty. Has my hon. friend consulted with his colleagues since that time? The Minister of National Revenue is not in his seat.

Mr. Fleming (Eglinton): Mr. Chairman, that is not the normal form of question. This is a government measure.

Mr. Benidickson: No. I meant that it seemed to be contrary to the information that had been given out publicly on that occasion by another member of the government.

Mr. Fleming (Eglinton): No, Mr. Chairman; I think there is no conflict here at all. The Minister of National Revenue is perfectly well aware of this item, as indeed are all members of the government. It is a government measure. I pointed out in a previous lengthy discussion of this matter that the Canadian automotive chamber of commerce and the Canadian automotive parts association had both signified that they favoured the change that was being made in the tariff in this respect.

Mr. Benidickson: Of course at that stage, Mr. Chairman, I pointed out that the associations referred to by the Minister of Finance are largely subsidiaries of United States companies, and I have no doubt that as a result of suggestions that would be made to them by their principals in the United States they might want to facilitate the import of some of those items at lower tariff rates.

Mr. Fleming (Eglinton): Does my hon. friend suggest seriously that Canadian manufacturers of automobiles have at any time in the past sought reductions in the tariff against imports of automobiles or parts from abroad? If so, I think he is the first one who has ever suggested that.

Mr. Benidickson: For convenience of manufacture I think some of the principals, because of the fact that they are owned by United States corporations, might very well make that suggestion. But apprehension about this general policy was indicated at the conference of the unemployed from Windsor, Oakville and other places, as I mentioned previously in the debate, and since the Minister of National Revenue spoke for the government I wondered whether or not the Minister of Finance had any further comment to make.

Schedule A agreed to.

Schedule B agreed to.

Title agreed to.

Bill reported.

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

Mr. Argue: Next sitting of the house.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider Bill No. S-10, to amend the Loan Companies Act.

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

On clause 1—*Department.*

Mr. Benidickson: Mr. Chairman, the banking and commerce committee discussed not only this bill but Bill No. S-11 respecting trust companies. The bills are similar in form. I think we all concluded there were two main changes involved in the amendments. One would permit these companies to borrow 12½ times the amount of their paid up capital stock and reserve, compared with a limitation of 10 times that amount under the present legislation. The second point in the amending bill which I regard as of importance is that henceforth it will be open to these companies in making their annual reports to the Department of Insurance to use amortized value instead of market value with respect to their holdings of federal and provincial bonds.

To deal first with the latter point, the utilization of amortized value, toward the end of our committee discussion this morning I think the superintendent of insurance expressed himself as being rather a market value man. May I say that I share his view. As a depositor, shareholder or under any other circumstances I should like to think that under ordinary circumstances the legislation provided for a report based on market value. As a layman in this field I think I could understand such a report better than one based on amortized value. However, we had evidence that the insurance act permits insurance companies to use amortized value. We know that when the Bank of Canada and the commercial banks prepare their reports they use amortized value.

I was particularly impressed by the fact that in the case of the majority of our large trust companies, which are not incorporated under federal statute but obtain the right to do business under provincial legislation, no such restriction exists as has been provided in our legislation. As a result, it seems difficult to deny the proposed amendment although personally I should like to see market value used as the basis in these annual reports.

Mr. Fleming (Eglinton): I am sure my hon. friend appreciates that the market value will still be included in the annual report.

Mr. Benidickson: I was just going to say that the superintendent of insurance indicated that, as he was a market value man, he and his department would be very concerned about market values in such reports. Not only the amortized value but also the market value will be reported annually. While the amortized value will be the effective value with relation to the amount of borrowing permitted in proportion to capital and reserve, the superintendent of insurance as an efficient government administrator will be receiving reports including market values and will be concerned about them from the point of view of the public interest with respect to the administration of these companies.

As far as the other item is concerned, we do not propose to oppose the bill because we feel that so many other institutions engaged in business analogous to that of a trust or loan company and operating under provincial or federal jurisdiction are already

free in respect of the relationship of their borrowings to their capital and reserves. The superintendent of insurance said that he felt for the present, and I would judge for the immediate future, it would be very unwise to make the opportunity to borrow any greater by further increasing the ratio between borrowings and shareholders' interests in such corporations.

But he did indicate he approved of the present bill, and so far as I know those associated with me are prepared to support the proposed recommendations.

Mr. Regier: On second reading of these bills we expressed some serious reservations about them. However, after looking very carefully over what happened in the other place in connection with these bills, and after the very careful explanations that were given by the superintendent of insurance in the committee this morning, in the main we intend to support this amendment that is now requested. I should like to point out that it is my opinion that as Canada has grown in population and as our economy has expanded, there has not been an equal growth in the financial structure of Canadian trust companies or Canadian loan companies. Their capitalization has not developed along with the growth of the country and therefore has inevitably led, over the process of time, to repeated requests on the part of these companies for permission to increase the multiplying factor.

I think that since we have in Canada only a limited number of these institutions, and they have developed to the stage where they occupy a very responsible place in the economic well-being of Canadians, those men who are responsible in these corporations may well pay a little bit of attention to the future. If we are not going to have new trust and loan companies functioning on the Canadian scene, then they ought to give serious consideration to a broadening of their base and the issuance of more shares so that there will be more risk capital involved on which to build the superstructure that circumstances and events inevitably will call for building. Had we financial houses such as they have south of the border, we could never support an amendment of this kind because it would be harmful to do so. There would be a risk involved. However, since we have in Canada evolved a system of a relatively limited number of chartered banks, trust companies, loan companies and the like and since it therefore behooves us to do whatever we can to help these organizations to perform their proper functions, we will support this bill.

[Mr. Benidickson.]

Our quarrel certainly is not with the stability of these organizations. I believe this amendment will provide protection for the people of Canada in its overall effect. The only point I wish to make is that I do not believe the basic pattern has developed as rapidly as the needs of the Canadian nation should have made it develop. I hope some attention is going to be paid to that.

Clause agreed to.

Clauses 2 to 15, inclusive, agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall this bill be read a third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, ANNUAL STATEMENT, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider Bill No. S-11, to amend the Trust Companies Act.

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

On clause 1—*Department.*

Mr. Benidickson: In discussion in the banking and commerce committee this morning, Mr. Chairman, when we had available the superintendent of insurance who supervises and reports on this type of corporation on behalf of the public, we concluded that the principle of the bill and the major consequences were identical with those in the bill that we have just passed. With the object of avoiding repetition, I certainly would have no further remarks to make. I think that anything I said relating to this bill could equally be applied to the bill that has just been up for consideration in this committee.

Clause agreed to.

Clauses 2 to 15, inclusive, agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall this bill be read a third time? Now, by leave?

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-39, to amend the Income Tax Act.

Mr. Benidickson: Is the minister going to make a statement? It is a very large bill. There are a number of amendments of which we did not have notification in the budget resolution.

Mr. Fleming (Eglinton): Mr. Speaker, I do not think there is any statement that I can usefully make at this time. Several weeks ago in committee of ways and means the house had an opportunity of debating, and did debate at some length, the resolution which was the forerunner of the present bill. As the house is aware, in that connection the practice of the house calls for resolutions on the important matters affecting the balance of ways and means. The annual bill to amend the Income Tax Act, of course, always includes a great number of amendments that are not foreshadowed in the formal resolution that is introduced with the budget and is reviewed in committee of ways and means.

In the budget speech I indicated that the bill this year would be a lengthy one and would embrace a large number of amendments. The bill is a large one, Mr. Speaker, but while the amendments are many in number, they are all of an individual or particular nature, with the several exceptions that we debated fully in the committee of ways and means. I therefore think that anything I might have to say could be more usefully reserved for the committee stage of the bill if there are questions to be asked or points to be raised on the clauses of the bill when we are in committee of the whole.

Mr. L. D. Crestohl (Cartier): Under the rules of the house, Mr. Speaker, this perhaps will afford me my last opportunity of again appealing to the minister to think in the general terms of the gift of $10,000 which is proposed as not benefiting husbands or wives in the provinces of Quebec. We have discussed this matter several times and I wish that I could have been convinced, either by the minister or by anyone else in the house, that the provision proposed would extend the same benefits to husbands and wives in the province of Quebec as it extends to husbands and wives throughout the rest of Canada. I had hoped that since we last discussed the matter the minister might have submitted it to the Department of Justice for a legal opinion, which I certainly would have been delighted to accept, that the measure benefits the people of the province of Quebec.

The minister may have been under a misapprehension with respect to the question of community as to property in the province of Quebec. I should like to point out to the minister than even when husbands and wives are not common as to property in the province of Quebec, they cannot benefit by this provision. I should like the minister again to look at article 1265 of the civil code of the province of Quebec. Husbands and wives, whether separate or whether common as to property, cannot confer benefits upon each other *inter vivos*. They cannot make any gifts to each other.

Under the legislation before the house it is intended that a husband or wife should have the right to make a gift of $10,000 to each other under the conditions which the law provides. That is possible—and I repeat —in every other province except the province of Quebec. I have mentioned this matter several times previously but since this is the last opportunity that I have of appealing to the minister I ask him to consider carefully the suggestion that he is, perhaps quite unintentionally, discriminating against husbands and wives in the province of Quebec. Since I come from that province I am deeply concerned about the matter. I therefore again urge the minister not to discriminate, even unintentionally, against husbands and wives in the province of Quebec who are just as deserving as are husbands and wives throughout the rest of Canada.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, this is also a bill that was preceded by a resolution. It also was preceded by some announcements in the budget speech of the minister when he introduced the budget resolution. In consequence, we have had some opportunity to discuss his intentions and, may I say, also some of his omissions in the legislation that is now brought before us. However, much and all as we are trying to facilitate passage of some of this legislation that has had a fair amount of previous debate and discussion, I do not think he would expect us to overlook some of the omissions in the bill that is before us.

It is a very large bill. We were given information to that effect and to the effect only that it was going to be large in wordage. I think most of us realize that a great deal of it is simply a matter of administrative requirement and legal language. We are all a bit surprised at some of the things that are not in this bill. When the new administration was given the overwhelming mandate for which they asked the people in several of the election campaigns in the past, notably the last one, I think we expected more from the present minister. He has always taken an

interest in this particular statute. I cannot recall that when he was sitting in opposition he ever failed to make some remarks, usually lengthy ones, when this particular statute was up for amendment in a budget bill. Most notably, of course, we remember the last time that the Minister of Finance (Mr. Fleming) when he was sitting as an independent member expressed his personal views.

Mr. Fleming (Eglinton): Not as an independent member.

Mr. Benidickson: As a private member. I used the word "independent" because I realize that today my hon. friend must associate himself with approximately 20 colleagues and that they must speak with one concerted voice. I do not know whether that is what is limiting the minister in this particular bill which is not particularly noteworthy in its changes or whether he has just not been able to sell his propositions to his colleagues. With the vast number of private members who are behind him and who would give him such assurance today of ready support for any of the propositions that he would advance in legislation of this kind I would have thought that the bill would not be so nondescript as it is.

The tax foundation had this to say about the present amendments to the Income Tax Act in an article by their director contained in the last issue of their bulletin, which was most helpful and was provided to the people across the country who subscribe to this authoritative magazine:

> The 1958 income tax bill is an oddly assorted collection of bits and pieces, most of them minor changes which are to the advantage of the taxpayer. Many of the larger matters on which briefs had requested revisions remain untouched. However some of the changes give substantial relief in limited situations, a good many of those in the latter class of course implementing proposals put forward in the budget speech.

I do not want to unnecessarily refer to the items we discussed previously, which were referred to in the budget speech and were subsequently adopted at the resolution stage, but if my hon. friend the minister, when he sat on this side of the house, was ever consistent and vehement and often very comprehensive in his analysis of the reasons for his views, it was with respect to the necessity of increasing the personal exemptions under this act.

I find from examination of this bill nothing which is related to that aspect of the matter, and I believe perhaps the last time the minister spoke, as always with great clarity and, I think, conviction—and there is no doubt that he was not one who left back doors open for the possibility of changing his mind

—was on January 24, 1956. The public had great expectations from the minister when he assumed office, as a result of the views he had expressed, and at page 474 of *Hansard* the minister is reported, and in fact I recall listening to him at this time, as having said the following:

> —the present exemptions from income tax, $1,000 for single persons and $2,000 for married persons, are entirely inadequate and should be increased.

He had a great deal to say beyond those words in an explanatory vein and he gave advice to this house with respect to this point but, for the sake of brevity, I will not repeat his words at this time. However, this is a notable omission from the first budget of this minister when he has had an opportunity to fulfil some of the very clear and obvious indications from his speeches in the past. I am sure that the public expected the fulfilment of some of these policies if the minister ever assumed the role he now has.

There are other notable omissions from the bill presently before us. We can find nothing here about faster write-offs of new plants. I would have thought—although this was advocated by such influential colleagues of the minister as the Minister of Transport (Mr. Hees)—that this would have been something which would have particularly appealed to the minister at a time when our economy was in the doldrums. I would have thought it would have had an exceptional appeal for him and for his advisers, particularly when such enactments were being provided in some important countries suffering from a similar economic decline as that suffered in Canada today. I have previously mentioned that the United Kingdom felt this would be a useful fillip to their declining capital investment and to their economy as a whole in 1958, but since making those remarks I have found that in a desire to give a stimulus and a shot in the arm to the small business community of the United States, the country to the south of us has approved tax cuts confined to small business. In particular such measure relates to the encouragement of business investment in the year 1958, when things have been slow, by the intensive acceleration of depreciation.

In the New York *Times* of July 22 last it was indicated that such legislation was being introduced in the house of representatives and although I do not have the clipping with me, in the Sunday issue of the New York *Times* of last week it was stated that this particular tax proposal had received the approval of the United States Congress. As I have indicated, this related to small business, but in brief fashion I would like to indicate that the proposal was that the allowance would apply only to the first

$10,000 invested. It was intended that it would apply particularly to investment in the current year and would provide for a 20 per cent depreciation of capital investment allowance in addition to the regular ones at a time when the economy was moving at a slow pace.

In the case of taxpayers who provided a joint return, the opportunity would go from $10,000 to $20,000 and this was something which I thought had worked out before when the economy was following a down turn and which would have commended itself to the Minister of Finance when bringing down his budget in 1958. There is, however, nothing along these lines in the bill before us.

I also found that the tax foundation had reviewed our situation with respect to this downturn in general business activity and had circularized a great number of businessmen in Canada asking them what in their opinion would be most likely, tax-wise, to encourage them to do the things in 1958 which would be prone to stimulate our economy. It was said in reply, of course, that in the first instance a general tax reduction would probably leave for them some funds which in turn could be introduced into the capital investment and development streams and would stimulate the economy but secondly, they suggested an increase in depreciation allowances.

As a further criticism of what is not in this bill, I would say we were rather surprised that we were not at this time amending, and it is not proposed that we should amend, the sections of the Income Tax Act which refer to our tax abatement in respect of the provinces. I can think of nothing which has been done, no other measure with proper regard to the economic situation which might have stimulated capital investment to such a degree as if the new administration had carried out its announced intention of calling the provinces together to give them a better deal—

Mr. Fleming (Eglinton): Mr. Speaker, my friend is obviously discussing something completely foreign to this bill. My friend is talking about an entirely different act, namely, the Federal-Provincial Tax-Sharing Arrangements Act, which has nothing to do with the Income Tax Act. Surely my hon. friend is completely out of order in discussing dominion-provincial conferences on this measure and at this stage.

Mr. Benidickson: On the contrary, Mr. Speaker, I suggest my hon. friend the Minister of Finance knows the premier of Ontario exceedingly well, and one of the approaches of the premier of Ontario has been to get a greater share of tax abatement in the income tax field. I introduced this subject for that reason because I suggest that if the private investment of the country has slackened as we all know it has and if the provinces—

Mr. Fleming (Eglinton): Mr. Speaker, I must register my objection to my hon. friend going on in this way. This is not the budget debate but a debate on the principle of the bill to amend the Income Tax Act. It has nothing to do with dominion-provincial relations or with the Federal-Provincial Tax-Sharing Arrangements Act.

The Acting Speaker (Mr. Rea): I was listening to the remarks being made by the hon. member for Kenora-Rainy River and I am inclined to agree with the Minister of Finance that he is straying away from this particular bill. I should also like to have him bear in mind that this is second reading of this bill in which we are discussing the principle and we do not wish to become engaged in a discussion of individual clauses.

Mr. Benidickson: Mr. Speaker, I am not referring to individual clauses. I recall very well that you were in the chair in committee when we were discussing the resolution that preceded the introduction of this bill. I know you have given careful consideration to the debates that have taken place before you came to the house and since your coming here including those that took place on second reading of bills of this kind amending the Income Tax Act. Attention was drawn at all stages by my hon. friends who sit opposite from me today and without protest when we were on the other side when something was omitted from a bill that properly could be included in the bill providing it was relevant to the bill itself. I suggest tax relationships with the provinces are related to this bill. I do not wish to pursue it unduly although I would at a normal stage of the session but I do want to say that in addition to private business this is an area where there could have been accelerated depreciation for capital investment. This is another area which could have been taken advantage of by the administration if it really wanted to do more than sit out the period of—yes, I shall use the word "depression"—we are now suffering under.

Mr. Fleming (Eglinton): Mr. Speaker, with respect, surely my hon. friend can adhere to the principle of this bill. This bill is simply one to amend the Income Tax Act. It has nothing to do with the broad question of dominion-provincial relations or the provisions of an entirely different act, the Federal-Provincial Tax-Sharing Arrangements Act.

The Acting Speaker (Mr. Rea): I will have to ask the hon. member for Kenora-Rainy River to speak to this bill more closely. We must not wander into a discussion of other subjects covered by other acts.

Mr. Benidickson: Mr. Speaker, if you examine the Income Tax Act I believe you will find the close relationship between tax abatement with respect to income that might be collected by the federal government and the relationship of the federal government with the provinces. However, I indicated that that was to be dealt with in a brief way and I have said all that I intend to say.

You will agree, Mr. Speaker, that the Income Tax Act has reference to opportunities under our tax laws for facilitating a larger degree of equity ownership in certain of our Canadian corporations by reason of tax encouragement vis-à-vis those companies that might be controlled in the United States. Contrary to much that we have heard from my hon. friends opposite in the past I find nothing in this bill to deal with this particular subject. I find there is nothing to encourage processing in Canada of some of our primary products. Having regard to the recommendations of the Gordon commission which suggested one line to be followed would be tax concessions I would have felt that particularly in a year when our economy was not strong we might have found something in this bill along those lines.

I wish to return to a discussion of the attitude of the present Minister of Finance. One of the items he always criticized and invariably deplored at this very stage in debate, second reading, in the past when an amendment came forward with respect to the Income Tax Act was that our provisions in this statute permitted the Department of National Revenue, the tax collecting organization, to withdraw at source from salaried taxpayers what he thought was an unnecessary amount of tax in consequence of which he always pointed to the fact that after the tax year was over it was necessary to make refunds to a rather impressive percentage of the total number of persons who had paid tax at source. I find nothing in this bill to fulfil the aspirations of my hon. friend the minister in this respect.

I have heard in the past complaints from a great number of hon. members who are still in the House of Commons and who in former days were representing particularly farming communities, and largely from Ontario, to the effect that some of the provisions of the Income Tax Act were unduly harsh with respect to taxpayers. I think of the hon. member for Huron (Mr. Cardiff) who was with us a moment ago, the hon. member for Middlesex East (Mr. White) and the hon. member for Brant-Haldimand (Mr. Charlton) who represent farming communities. Over a period of years in this house they said we had provisions in the income tax law that were unduly favouring the administration not giving the proper benefit of the doubt to the taxpayer. I see nothing in this amending bill which indicates either that they have approached the minister with respect to these matters once the Conservative party took over the administration of this country or, if they have, that the minister himself has shown a warm response to the representations they may have made.

In the relatively recent past I believe greater attention is being paid by members of the public generally to the possibility of giving a tax break to women who are working outside their homes for a normal business day but who could not do so unless they were hiring someone to assume some of their domestic responsibilities at home. This subject is increasing in importance. I realize it has complications but I am sure the minister will admit that more attention has been focussed on this question in recent months than in recent years. It does involve difficulties but I know that representations were recently made in a forceful way by the Canadian federation of business and professional women's clubs. I would hope before another budget is presented to the house the minister would give this matter most careful consideration.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I have followed with the greatest interest the expose made by the hon. member for Cartier (Mr. Crestohl). This is not the first time the hon. member has raised in this house the question of the status of husbands and wives in the province of Quebec. Liberal hon. members representing constituencies in that province share the same views. If I remember correctly, and I think the Minister of Finance will recall that, on a previous occasion when we discussed this matter we suggested to him that he should get a legal opinion from the Miniser of Justice as to whether a husband and wife in the province of Quebec would benefit under section 41. The Minister of Finance has failed to follow our advice. It seems to us, Mr. Speaker, that the Minister of Finance would like to discriminate against husbands and wives in the province of Quebec.

Mr. Fleming (Eglinton): Shame on you!

Mr. Deschatelets: Otherwise he would have sought legal advice; he would have arranged matters so that husbands and wives in the province of Quebec would obtain the

same privileges as husbands and wives in other provinces of this country.

There is no reason, Mr. Speaker, why we should let this matter stand as it is because, if we did we would not be doing our duty to the husbands and wives in the province of Quebec.

The Minister of Finance is learned in the law. He knows very well that according to article 1265 of the civil code of the province of Quebec husbands and wives of that province will not benefit under this section. I shall now read article 1265 of the civil code in French. It reads as follows:

Après le mariage, il ne peut être fait aux conventions matrimoniales contenues au contrat, aucun changement (pas même par don mutuel d'usufruit, lequel est aboli).

Les époux ne peuvent non plus s'avantager entre vifs si ce n'est conformément aux dispositions de la loi qui permettent au mari, sous certaines restrictions et conditions, d'assurer sa vie pour le bénéfice de sa femme et de ses enfants.

For the benefit of the Minister of Finance, I am going to read the article in English:

After marriage, the marriage covenants contained in the contract cannot be altered, (even by the donation of usufruct, which is abolished), nor can the consorts in any other manner confer benefits *inter vivos* upon each other, except in conformity with the provisions of the law, under which a husband may, subject to certain conditions and restrictions, insure his life for his wife and children.

We have told the Minister of Finance repeatedly that husbands and wives in the province of Quebec were not covered by section 41. He failed to follow the advice and suggestions that we have given to him in good faith to go to the Minister of Justice and try to find a way to ensure that husbands and wives in the province of Quebec would receive the same privileges from section 41 as husbands and wives in the other provinces will receive. We do not like discrimination. We like to be treated the same as other people are treated and, therefore, Mr. Speaker, I would like to move, seconded by the hon. member for Cartier (Mr. Crestohl):

That this bill be not read a second time until further consideration is given to the possibility of making the tax-free gifts from husband to wife effective in the province of Quebec to the same extent as in the rest of Canada.

Mr. Speaker: Before reading the amendment may I say that after looking it over I have some doubts as to its propriety. However, as it has reached this point I certainly do not intend to make any ruling. I simply wish to leave this caveat on the record in case this amendment is cited to me some time later as a precedent.

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

YEAS

Messrs:

Argue	Habel
Badanai	Hardie
Batten	Herridge
Benidickson	Houck
Boivin	Leduc
Bourget	Lessard
Bourque	Loiselle
Brassard (Lapointe)	Macnaughton
Cardin	McIlraith
Caron	McMillan
Carter	McWilliam
Chevrier	Martin (Timmins)
Crestohl	Meunier
Denis	Peters
Deschatelets	Pickersgill
Dumas	Ratelle
Fisher	Regier
Forgie	Roberge
Garland	Robichaud
Godin	Tucker
Gour	Winch—43.
Granger	

NAYS

Messrs:

Aitken, Miss	Green
Allard	Halpenny
Balcer	Hamilton (Notre Dame de Grace)
Barrington	Hamilton (York West)
Baskin	Hanbidge
Beech	Harkness
Bell (Carleton)	Hees
Bell (Saint John-Albert)	Hodgson
Belzile	Horner (Jasper-Edson)
Bissonnette	Horner (The Battlefords)
Bourbonnais	Howe
Bourdages	Jones
Brooks	Jung
Broome	Kennedy
Browne (St. John's West)	Korchinski
Browne (Vancouver-Kingsway)	Kucherepa
Brunsden	Lafreniere
Campbell (Lambton-Kent)	Lennard
Campbell (Stormont)	Letourneau
Cardiff	Lockyer
Cathers	Macdonald (Kings)
Chambers	Macdonnell
Charlton	MacEwan
Chown	MacInnis
Churchill	MacLean (Queens)
Clancy	MacLean (Winnipeg North Centre)
Coates	MacLellan
Comtois	MacRae
Cooper	McCleave
Courtemanche	McDonald (Hamilton South)
Creaghan	McGee
Crouse	McGrath
Danforth	McIntosh
Deschambault	McLennan
Diefenbaker	McPhillips
Dorion	McQuillan
Drysdale	Martel
Dubois	Martineau
English	Martini
Fairclough, Mrs.	Monteith (Perth)
Fairfield	Monteith (Verdun)
Fane	More
Fleming (Eglinton)	Morissette
Fleming (Okanagan-Revelstoke)	Morris
Flynn	Morton
Fraser	Muir (Cape Breton North and Victoria)
Fulton	Murphy
Grafftey	

Nesbitt	Smith (Simcoe North)
Nielsen	Smith (Winnipeg North)
Noble	Southam
Nowlan	Spencer
O'Hurley	Starr
O'Leary	Stearns
Parizeau	Stefanson
Pascoe	Stewart
Pearkes	Tasse
Phillips	Taylor
Pigeon	Thomas
Pugh	Thrasher
Rapp	Tremblay
Rea	Villeneuve
Regnier	Vivian
Ricard	Walker
Richard (Kamouraska)	Webster
Robinson	White
Rynard	Winkler
Skoreyko	Wratten
Smith (Lincoln)	Yacula—137.

Mr. Speaker: The question is on the main motion; is it the pleasure of the house to adopt the motion?

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

On clause 1—*Maintenance where recipient living apart from spouse.*

Mr. Benidickson: I was simply going to speak about procedure, Mr. Chairman. I hope you will give the committee your usual consideration. This is a long bill with a lot of involved paragraphs. I do not believe it should take a great deal of time in going through the committee, but would you do as we have often done with these bills with long sections and endeavour to call the subsections?

The Deputy Chairman: Does the committee agree that we will break these clauses down into smaller sections?

Mr. Fleming (Eglinton): I suggest that that be done where it is requested. I think that in many cases it will not be necessary, but if there is a request for it on any clause I am sure there would be no objection taken.

The Deputy Chairman: Shall clause 1 carry?

Mr. Godin: I should like to avail myself of the opportunity to address the house at this time as we are about to discuss this bill on second reading. I should like to be as brief as possible, although I realize the importance and significance of this bill in the eyes of the Canadian public. On behalf of those people whom I represent, I would be pleased to make remarks concerning two problems which have come to my attention.

Mr. Fleming (Eglinton): By his words, Mr. Chairman, the hon. member indicates that he considers he is speaking on second reading of the bill.

[Mr. Speaker.]

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): This is what he said. The house has given second reading to the bill. On the motion for second reading, we had a discussion on various matters pertaining to the bill. Now we are in committee. Could we not proceed with the clauses of the bill?

The Deputy Chairman: Discussion in committee must pertain to the clauses as we come to them; it is not a general discussion.

Mr. Godin: I realize, Mr. Chairman, the remarks of the Minister of Finance may have been a little premature because it is my intention to refer to certain principles in the bill because it is my understanding that we can have a general discussion of the principles—

The Deputy Chairman: Order; they are discussed on second reading, not in committee of the whole. In committee of the whole, the clauses are discussed, not the principle of the bill. If the hon. member has certain things he desires to bring up, he can discuss them when we come to those clauses.

Mr. Godin: The matters which I wish to discuss are definitely treated in the specific sections, and therefore I shall reserve my remarks for those occasions.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Repayment of loan by shareholder.*

Mr. Benidickson: Has this any relationship to section 8 (2) which I think says that a loan is deemed to be a dividend under certain circumstances? Will this section also be revised? What about the dividend tax credits?

Mr. Fleming (Eglinton): There is no amendment to section 8, subsection 2 of the act. I think my hon. friend may have in mind a point that is dealt with later in the bill.

Mr. Benidickson: On subsection 2 of clause 3, may I say this. In front of the minister I see some officials who will recall some past correspondence with which I am now only hazily familiar. I am thinking particularly of some correspondence from Consolidated Mining and Smelting Company. Does this clause correct the objection or at least respond to the appeal that was made by them from time to time?

Mr. Fleming (Eglinton): Does my hon. friend mean Hudson Bay Mining and Smelting Company?

Mr. Benidickson: No. I am sure it originated from Consolidated Mining and Smelting Company because I recall that the former hon. member for Kootenay East was very much interested in this subject.

Mr. Fleming (Eglinton): I am told that the company to which my hon. friend has referred does not strike the chord of memory.

Mr. Benidickson: In other words, this subsection will be helpful to the extent that the deduction is for current services but does not exceed $1,500?

Mr. Fleming (Eglinton): That is correct.

Clause agreed to.

Clauses 4 and 5 agreed to.

On clause 6—

Mr. Benidickson: I have a question to ask on clause 6. This is just a matter of drafting and I do not profess to have any special knowledge of this matter. However, as I was looking through the basic act I wondered what happens when, as provided under clause 6, subsection (1) of section 15 is repealed. Do we then start out with section 14 (2) or is there some general drafting provision that provides that section 14 (2) would automatically become section 14 (1) without our so stating in this clause?

Mr. Fleming (Eglinton): Section 14, subsection 2 of the act will simply remain in its present form. Subsection (1) is being repealed here really because the section, in the light of recent jurisprudence, has virtually no effect.

Mr. Benidickson: Quite so. But what I meant was this. When we utilize, as we do, the annual consolidation, will the section 14 in the new consolidation simply start with subsection (2)?

Mr. Fleming (Eglinton): As has been done in other consolidations, it will show section 14 (1) as repealed.

Mr. Benidickson: Oh, it will be shown as repealed; I understand.

Clause agreed to.

Clause 7 agreed to.

On clause 8—*Lease-option, hire-purchase agreement.*

Mr. Benidickson: Would the minister give us some examples of the expansion that is possible under this amendment?

Mr. Fleming (Eglinton): I shall be glad to say a word about this matter, Mr. Chairman. As hon. members will see, clause 8 of the bill extends over several pages. It is concerned with the rules to be applied in relation to lease-option and hire-purchase agreements. Clause 8 provides for a complete revision of section 18 of the act which deals with lease-option and hire-purchase agreements. In some agreements the lessee is required to pay substantial amounts designated as rental payments and is given the option to purchase the property for a nominal sum at the end of the designated period. It is frequently obvious that the so-called rental payments are really instalments of the purchase price. Section 18 of the act provides that these agreements are to be regarded as purchase agreements. On some points the present legislation has been found to be obscure if not ambiguous. The proposed new section 8 is somewhat longer because it spells out in greater detail what is to be done in a variety of circumstances.

I can assure the house that it is the opinion of the government that these elaborations contained in clause 8 do not change the accepted interpretations of the present law. I believe that those taxpayers who are affected by the section will be pleased to have the rules specified more clearly.

The proposed revision includes two substantive changes. It contains special provision for cases where the lessor and the lessee are not dealing at arm's length, thus bringing the section in line with the other rules in the act covering other purchases and sales that are not at arm's length and blocking a possible loophole.

The second and more significant change is a provision that section 18 of the act will not apply at all in many cases. The specific provisions in this regard contained in the proposed new subsection 4 should remove from the application of this section all those cases where it is reasonably clear that the rent being paid is really rent and that no part of it is paid on account of the purchase price.

Mr. Benidickson: Mr. Chairman, in relation to these clauses we sometimes have a recommendation or at least a proposition that it would be applicable to either the current taxation year or an earlier year. I notice that this provision is to be applicable to 1957. Generally it is the current year to which such a provision is applied. Is there some reason for dating it back a year?

Mr. Fleming (Eglinton): In this respect I think my hon. friend has misconceived the purport. If he will look at page 7 he will find that subsection (2) of section 8 provides that this section is applicable in computing income for the 1958 or any subsequent taxation year. If he is looking at the last line of page 6, he will see that the expression used is "leasing or hiring of property entered

into after 1957". It is therefore quite clear that it applies to the current taxation year.

Mr. Benidickson: I may say frankly that it is a few days since I made my examination of the bill, and things have been proceeding rather fast. I apologize to my hon. friend. I am just speaking now from a note that I made. But if he will look at the right hand page on which appears the explanatory note with respect to page 3, he will find that it states as follows:

It also provides that certain new lease-option, hire-purchase or other leasing or hiring arrangements entered into after 1957 will not be subject to these rules.

That is what prompted me to ask the question.

Mr. Fleming (Eglinton): The wording is "entered into after 1957"; that is to say, anything from and after January 1, 1958.

Mr. Benidickson: I understand.

Clause agreed to.

Clauses 9 and 10 agreed to.

On clause 11—*Charitable donations.*

Mr. Benidickson: I made some remarks on the resolution stage with respect to this matter of charitable donations deductions. A change is being made which will have the effect of widening the percentage amount of the deduction of taxable income applicable for a corporation. I continue to think that further consideration should be given to the position of an individual and, in particular, the averaging over a longer period of time to encourage individuals to make contributions of certain large capital investments in such things as universities. Universities frequently require large donations; they would like to go ahead with their capital programs and they appeal to an individual, who says, "Well, I must consider the income tax benefit related to this donation. If I tell you right now that I can give you in the coming year what you probably expect from me, I might find that all of it would not be subject to charitable donation deduction." I believe the averaging is for only two years, but certain contributions are expected from individuals for education generally, and I particularly have in mind that these capital requirements are often of a very large nature although they may not always be recurring donations. On the other hand, the individual also has the annual, continuing and repetitive types of donations.

In view of my remarks, therefore, it seems to me that some consideration should be given to perhaps extending the period over which individuals might average their donations.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): I believe the problem cannot be an acute one because in connection with most of the campaigns by charities for building purposes the custom is now well established whereby they invite contributions payable over a three-year period so that funds are available during the course of construction. I am sure my hon. friend will agree that that is now the well established procedure.

Mr. Godin: I trust I am in order at this stage in discussing certain items with respect to exemptions. I do not wish to be forced to repeat my remarks paragraph by paragraph as called in the house, because this would be very laborious and the house would not have the benefit of my full remarks on clause 11. These remarks pertain to the various paragraphs of the clause—

Mr. Fleming (Eglinton): Mr. Chairman, I think we are all bound by the rules of procedure in committee. If my hon. friend's remarks are relevant to the clauses he can break them up and deal with each clause as it is called.

The Deputy Chairman: The hon. member will have to stay within the clauses.

Mr. Godin: It may be relevant to know that if it is desired to discuss a problem pertaining to subsection (1) it also relates to the clause from which it derives as well as to the title, etc. I think the remarks I have to make perhaps should be deferred until we reach subsection (2).

Mr. Fleming (Eglinton): My friend may not understand that the original section is not brought within the scope of the relevant discussion on a measure of this kind except to the extent to which the bill proposes an amendment thereto.

Mr. Caron: Are we not discussing clause 11? If I understand the remarks of the hon. member for Nickel Belt they are covered by clause 11. He wishes to discuss them at the start, not only on subsection (1) or subsection (2) but also as they affect the whole clause 11. As I understand the rules, he is within his rights to do so.

Mr. Godin: Mr. Chairman, I shall be very brief, but I wish to discuss a matter pertaining to exemptions which are beneficial to certain citizens of Canada. I have in mind the amendment whereby the exemption is increased to 10 per cent in the case of corporations wishing to make donations to certain enumerated persons in Canada. We in the Liberal group of course appreciate the intention here but I am amazed to note that this government is prepared to increase

exemptions for a person prepared to make a donation to a municipality but, on the other hand, it does not see fit to exempt those Canadians who wish to become home owners. I feel they should be recognized to some degree by the alleviation of the heavy taxes which they pay to the municipalities.

Mr. Fleming (Eglinton): There is nothing in the clause with respect to that matter.

The Deputy Chairman: No, that is not referred to in the clause; there is nothing with respect to municipal taxes.

Mr. Godin: It may be that the act does not provide specifically for that measure. It does, however, grant to people in Canada certain exemptions if they give money to municipalities. Those corporations wishing to make donations to their municipalities would have their exemptions increased up to 10 per cent of their revenue, and if the minister will refer to line 15 on page 8 he will see that this is so. Since that amendment has been made to the act, I am entitled to discuss the matters which refer to those citizens who pay money yearly to municipalities but who are not included in this exemption contained in the amendment now presented to the house.

Mr. Fleming (Eglinton): There is no amendment here in that respect. The only amendment before the house in this bill under clause 11, subsection (1) is to increase from 5 to 10 per cent the income of corporate taxpayers which may be deducted if given to charities.

Mr. Benidickson: Including a municipality.

Mr. Fleming (Eglinton): That is the only change made in this clause. My hon. friend referred to the language which has been used in the act and he is seeking to mount thereon an argument in relation to payment of taxes to municipalities by municipal taxpayers. That is an entirely different subject, and is completely foreign to the matter under discussion.

Mr. Benidickson: Mr. Chairman, I wish to say a few words on the point of order in support of the hon. member for Nickel Belt. My remarks will not take more than a moment but I see it is five o'clock and there is another matter to be discussed.

The Deputy Chairman: Order. It being five o'clock, it is my duty, pursuant to standing order 15 (3), to leave the chair in order that the house may proceed to the consideration of private and public bills.

Progress reported.

Private Bills

PRIVATE BILLS

BURRARD INLET TUNNEL AND BRIDGE COMPANY

The house in committee on Bill No. S-4, respecting the Burrard Inlet Tunnel and Bridge Company—Mr. Taylor—Mr. Rea in the chair.

On clause 1—*Remuneration to directors.*

The Chairman: Hon. members may find the amendments made to this bill on page 437 of *Votes and Proceedings* of Thursday, August 14, 1958, as reported by the standing committee on railways, canals and telegraph lines. Shall clause 1 as amended carry?

Mr. Howard: Mr. Chairman, as hon. members of the committee will appreciate, the ownership of this company with one slight exception rests in the hands of four municipal councils, that is the corporation of the district of North Vancouver, the corporation of the city of North Vancouver, the corporation of the district of West Vancouver and the city of Vancouver. In the standing committee it was requested that an attempt be made to ascertain the views of the four municipalities which in effect own the company with respect to the proposal in the bill. I wonder whether the sponsor of the bill could indicate what answers have been received individually from the four municipalities, what were the opinions expressed and whether there was any division of opinion in each respective municipal council with respect to the proposal in the bill?

Mr. Taylor: Mr. Chairman, when this bill reached the committee a resolution was passed in the following terms:

> That this committee do not proceed with the bill at this time but that Mr. Taylor, sponsor of the bill be asked to communicate with the corporation of the district of North Vancouver, the corporation of the city of North Vancouver, the corporation of the district of West Vancouver and the city of Vancouver to ascertain the views of these municipal councils with respect to the bill.

Pursuant to that resolution I wrote to each of the bodies mentioned. My letter dated July 26, 1958, reads as follows:

> Dear Sirs:
>
> Re: Bill S-4—An act respecting the Burrard Inlet Tunnel and Bridge Company.
>
> A resolution was passed by the railway committee of the House of Commons, relating to the above company. The resolution requested that I communicate with each of you to ascertain the views of each council with respect to this bill.

I went on to say:

> When I was requested to assist with this matter, it was my understanding that the board of directors of the company had unanimously requested amendment to the charter of the company, enabling the shareholders in general meeting to make provision

for payment to directors. The directors are all known to me and many of them have had long experience in municipal affairs.

Even if the bill is passed, it would not necessarily mean that directors' fees were to be paid. Whether or not they are to be paid is a matter for the shareholders to decide. It might well be that councils this year will be in favour of payment of such fees, while next year's councils may be opposed. In such event, directors' fees would not be paid in any year the shareholders were opposed to payment. Complete control over the situation lies with the local councils, who are the shareholders.

I understand that no director is a shareholder and the directors might not necessarily be holders of proxies at any annual meeting. The bill is so drafted that the directors cannot as directors vote themselves a fee.

Mr. Halford Wilson informs me that the Vancouver city council has considered this matter and that no one has opposed passage of the bill. It matters little to me whether the bill is passed or not, but I only hope that local politics will not be drawn into the federal arena. The bill has passed the Senate and has passed second reading here. I can only presume that the bill will not meet any further objection in the event that each council approves the bill in principle.

Pursuant to the request of the committee I trust that you will communicate with me as early as possible respecting your council's views.

In reply to my letter I received a communication from the district of West Vancouver dated August 7, 1958, to which was attached a certified copy of the actual resolution passed in council which reads as follows:

Resolved that: The council of the corporation of the district of West Vancouver which is a shareholder in the capital stock of the Burrard Inlet Tunnel and Bridge Company hereby approves of Bill S-4, respecting the Burrard Inlet Tunnel and Bridge Company and respecting the payment to the directors of remuneration and certain expenses as therein provided and hereby directs that a duly certified copy of their resolution passed on this 28th day of July, 1958, be given to the standing committee of the House of Commons on railways, canals and telegraph lines.

The resolution is certified by the acting municipal clerk of the district of West Vancouver and is dated July 28, 1958.

I also received a telegram from Reeve Richards of the West Vancouver council bearing date July 29, 1958, which reads as follows:

West Vancouver Council Monday evening unanimously passed resolution approving of Bill S-4 re Burrard Inlet and Bridge Company. Certified copy of resolution being air mailed to secretary of railway committee.

I have just read to the committee the text of the resolution herein referred to. I also received a telegram from the solicitor and counsel for the company. That telegram is dated August 5, 1958, and reads as follows:

Bridge company bill approved yesterday—

That would be August 4. I continue:

—by North Vancouver city council.

[Mr. Taylor.]

I received a further telegram from counsel for the company dated July 29, 1958, in which he stated:

Resolution was adopted July twenty-ninth by council of city of Vancouver approving Bill S-4 respecting payment remuneration and certain expenses to directors of Burrard Inlet Tunnel and Bridge Company. Certified copy sent to secretary of standing committee—

I understand that each council has reported to the chairman of the standing committee and each has approved the bill with the exception of the council of the district of North Vancouver. That is the best answer I can give at the moment. The hon. member for Peterborough is not in the house at the moment. I attempted earlier to obtain copies of the actual resolutions passed by the other councils but I have been unsuccessful in this endeavour. I may state, however, that I have personally seen these copies.

Mr. Drysdale: Mr. Chairman, when I originally spoke on this bill I opposed it as sponsored by my friend the hon. member for Vancouver-Burrard. I did so at that time because the purpose of the bill as set forth was to provide for the payment of remuneration to directors whereas, according to the shareholdings outlined by the hon. member for Vancouver-Burrard, the actual objective of the bill was to establish payment for municipal councillors who were in effect doing jobs beyond the usual scope and call of their work. In my opinion, Mr. Chairman, they were merely acting in the function of councillors operating in a committee.

When the hon. member spoke on July 4 he made one or two statements which left a certain amount of doubt in my mind. For example, at page 1943 of *Hansard* he said:

No director is a shareholder, and thus a director is not entitled to vote unless he acts as proxy.

There was no indication at that particular time as to whether or not the respective shareholders in the company, which are the various communities surrounding Vancouver, gave a blanket proxy, or what type of proxy they gave to the members serving as directors. The directors, as pointed out by the hon. members, are members of the various municipal councils, one councillor coming from the city of Vancouver, one from West Vancouver, two from the city of North Vancouver and two from the district of North Vancouver. Since they were acting by proxy, I had a certain amount of doubt as to the authority of the particular directors and whether or not the respective councils had approved the matter or the bill, as suggested by the hon. member. To a certain extent my suspicions were confirmed at page 1943 of *Hansard*

in the statement of the hon. member for Vancouver-Burrard where he said:

> I feel that the directors have been most fair in considering the welfare of the shareholders. The directors could have drafted the bill in such a way as to have provided that they alone could have set the amount to be paid to them by way of remuneration but if hon. members will peruse the draft bill they will see that it is the shareholders and the shareholders only who have the power to determine the amount to be paid.

As the hon. member said in committee, a reference was made to the respective municipalities and municipal councils in order to ascertain that they were aware of this amendment to the bridge company bill which would in effect have given an additional stipend to municipal councils. This was particularly important to me because the municipal act of British Columbia forbids the payment of such extra amounts. When the matter was referred to the councils it was revealed that payments had been made for three previous years and in fact I believe the mayor of the city of North Vancouver questioned the legality of the payments. Therefore, upon receiving the reports from the various municipal councils, we were able to interrogate the solicitor acting in this particular matter, as well as the sponsor of the bill, and my change in attitude occurred at that time when I was assured that the municipal councils had been aware of the particular alterations and in fact three of the councils had approved the proposed change. Also, as the hon. member mentioned, the compulsory aspect of the bill itself, saying that the directors shall be paid a certain amount, was altered so that the word "may" which gave a certain discretion to the municipal council, was inserted.

Again, I must say in all fairness to the sponsor and the solicitor representing the directors of this particular company, that it was pointed out that the payments which had allegedly been illegally made were merely a matter of expenses as far as the commission and the board of directors were concerned and, in the opinion of the solicitor, were legally made.

Accordingly, Mr. Chairman, since there is every indication in this bill and in the attendant newspaper publicity that the particular municipalities are now aware and will be made aware of the fact that when they are granting proxies for this particular company they are in effect authorizing payments of certain amounts of money to the directors, I feel that this will provide the necessary warning as far as the respective councillors are concerned to enable them to decide whether or not they wish to grant this extra amount of money to the council members. Accordingly, Mr. Chairman, I feel that I can now support the principle of this bill since I feel that the notice has been brought to the respective councillors and it is within their discretion, as the hon. member for Vancouver-Burrard said, whether or not they wish to grant any or what amount of remuneration.

Mr. Browne (Vancouver-Kingsway): Mr. Chairman, I am sure we all agree that this bill has received very careful consideration. I was pleased to note the amendment which was made in the committee which certainly removes any doubt that when we were directing that any fee should be paid to the directors of this company we were only empowering the shareholders to pay the directors if they so wished. I certainly think this is a recognized principle and there should be no argument about it.

I personally have not been able to find out any reason why this house should be concerned about it because we are not, as I say, directing payment to the directors; we are only authorizing the shareholders to pay them as they see fit. That, as I pointed out on second reading of this bill, is done by every tunnel and bridge company in Canada. I looked through most of those companies which have been incorporated since confederation and I have found that there has not been any instance where there is no provision for the payment of directors. Therefore, for those reasons I feel that we can certainly pass this bill at the present time.

Mr. Broome: I supported this bill on second reading and I still support it more firmly owing to the changes which were made by the committee on railways, canals and telegraph lines. They are good amendments. They provide that the municipalities concerned may pay the directors. By the elimination of the word "shall" the bill has been made a much better bill. I think the committee is to be congratulated on having brought in this amendment.

As hon. members know, the bill has been tossed about in municipal politics and there are divergent views but I have taken the stand that it is not our right to tell the municipalities that they shall or shall not pay directors when they come to us to ask for permission to pay them.

The directors of this bridge company have done an outstanding job since they took it over, I believe, in 1951. At that time it was practically bankrupt. They have paid off all of their indebtedness and I believe last year passed on to the municipalities dividends of some $250,000.

The operation of the bridge and the company does take a lot of their time, and it has been the policy of other boards to pay

municipal representatives, at least boards connected with the city of Vancouver, so that this does not vary in any way from the previous policy as carried out by the municipality of Vancouver.

I agree with the hon. member for Vancouver-Kingsway who supported that policy on second reading, and I would agree with my hon. friends from Burnaby-Richmond and Coast-Capilano who wanted further information in regard to this bill to make sure that the provision for payment would be fully under the control of the municipalities concerned. They were in agreement, and the hon. member for Skeena was also concerned in that regard. Mr. Chairman, there is really no reason why this bill cannot be passed by the committee now and the privilege given to the municipalities concerned to handle their affairs in regard to this enterprise in the way they deem best in their own interests.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Taylor moved the third reading of the bill.

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

STANMOUNT PIPE LINE COMPANY

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-14, respecting Stanmount Pipe Line Company.

He said: Mr. Speaker, perhaps the house would be interested in some information outlining the purposes of the bill. Stanmount Pipe Line Company is now a wholly owned subsidiary of Imperial Oil Company Limited. It was incorporated by special act of the parliament of Canada on June 28, 1955, being chapter 78 of the statutes of that year, with the power to construct interprovincial and/or international pipe lines for the transportation of oil in the provinces of Ontario, Manitoba, Saskatchewan and outside Canada.

The object of the amendment is to extend the powers of the company in order to construct interprovincial pipe lines for the transmission of gas and also to extend the area in which the company may construct interprovincial pipe lines for the transportation of both oil and gas to anywhere in Canada. Although the company has no specific area in mind, it has carried on substantial explorations recently, as the company has stated to me in letters of June 27 and July 18 of this year, and it desires to have this power or capacity in reserve. The company has stated it has recently drilled and abandoned a well in Prince Edward Island and is now drilling a second well there in search of crude oil. In New Brunswick surveys are now being conducted and the company plans to drill in that province in 1958. In the province of Quebec it has drilled and abandoned five wells in the search for crude oil. In the northwest part of British Columbia new oil discoveries are being explored and they give encouragement to a further search for oil there and also in the Northwest Territories and the Yukon.

The company feels that it would like to have the capacity to develop interprovincial pipe lines in areas in which it has not got the capacity to do so now. I should point out that the granting of this capacity at the present time does not give the company the power to go ahead and build pipe lines. It must appear before the board of transport commissioners and secure permission to build any particular pipe line it has in mind. This amendment really gives the company the capacity to do that.

The company feels that at the present time reserves of oil in Canada are well in excess of production but the limiting factor is markets which would indicate also the need of a pipe line. It might be of interest to know that in the last 11 years the Canadian oil industry has grown to a greater extent than any other oil industry in any other area in the world. Since world war II capital investment in the oil industry has totalled some $4,600 million.

It might also be interesting to note, in comparing our production with that of other countries, that although our industry is growing we still only produce three per cent of the crude oil in the world and we only have one per cent of known reserves. In 1957 the free world used some 15 million barrels of crude oil daily and petroleum has become the largest commodity of world trade.

I bring these facts to the attention of the house in order to show the importance of the oil industry in Canada compared with the same industry in other countries and to point out the necessity of this industry having regard to the development of our country. Stanmount Pipe Line Company is one of the companies that intends to extend the industry in Canada by investing further money in the industry which will aid the development of our country and assist in providing employment for our people, something we are all hoping to encourage. For these reasons I strongly urge that we give favourable consideration to the passing of this amendment.

If there are any questions for which I do not have the answers today I can inform hon. members that they will be answered by officials of the company who will be appearing before the standing committee on railways, canals and telegraph lines to which the bill will be referred.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, second reading of this bill is being moved in the dying days of this session and I would submit that there is little chance at this time for members to give adequate consideration to the measure. The sponsor has said that the Stanmount Pipe Line Company is now wholly owned by Imperial Oil Limited. This is another instance of what often happens to what is ostensibly an independent company at the time of incorporation. After it is incorporated it is bought out step by step by one of the big oil companies. I think hon. members should be very careful before they extend to Imperial Oil Limited a further monopoly of and vested interest in the oil resources of Canada. Imperial Oil is one of those companies that is not basically Canadian. It is part of an international cartel and I suggest that parliament should not give Imperial Oil this further control over the oil resources of Canada.

The sponsor of the bill has told us that there is no immediate need for it to be passed, that parliament is being asked to pass the measure on the basis of the speculation that oil may be discovered in Prince Edward Island, New Brunswick or Quebec. There is no certainty that if the bill is passed a pipe line will be built in the near future. I think we would be wise to wait until the next session of parliament to deal with this measure, at which time we could deal with it more adequately.

The Borden royal commission on energy, so the Prime Minister (Mr. Diefenbaker) informed the house, is making an interim report to parliament on the oil and gas resources of Canada. I think it would be wise for the members of parliament to look at this interim report before passing on a measure such as this. The interim report has not yet been made public, and I do not know whether or not it is in the hands of the government. It would seem sensible, before we provide for the incorporation of a pipe line to carry either gas or oil anywhere within Canada or to export gas and oil, that we should have the advantage of seeing the interim report of the Borden commission because it is likely to provide a valuable guide to members of this house.

There is a war on in Canada between Imperial Oil Limited and the so-called independent companies. The independent oil companies which are developing the oil resources of the prairie provinces are most anxious to extend their markets into either the United States or eastward to the Montreal area. The independent oil companies, the smaller oil companies, are the companies that are today developing the oil resources of this nation, but Imperial Oil Limited, which is part of an international cartel, is opposing the bringing of independent oil to the Montreal area. I am afraid that once the powers of this company are extended Imperial Oil may be able to use those powers or any charters which may be given, not really to develop the resources of this country but to further impede the development of the independent companies.

As I have said before, I see no reason why parliament should be asked to pass on this measure at this time, in the light of the pending report from the Borden commission; in view of the fact that this is a further extension of the oil cartel and because of the action of Imperial Oil in blocking oil development and the extension of the market for Canadian oil. I would think that in the best interests of the development of our national resources in an orderly way, this measure should be opposed at this time.

Mr. E. L. Morris (Halifax): The sponsor of this bill now before us, Mr. Speaker, has made reference to Stanmount's oil exploratory activities in the province of Prince Edward Island and, as expected this year, in the province of New Brunswick. I think that before this session of parliament concludes those of us who are concerned with the future of alternative sources to oil in the production of energy in Canada should make some statement in the house concerning the alternative methods of fuel use and of energy production in Canada. While on balance we will in most cases, I think, support this bill, I believe this is particularly necessary for those of us who come from areas whose economic livelihood is based at this time not preeminently on oil exploration but upon the future prospects of coal.

It is true, Mr. Speaker, that one out of every seven dollars which is now being spent in the creation of new physical assets in this country comes from the expenditure of firms which are engaged in either the discovery, production, transportation or processing and marketing of energy in any of its forms. Some economists have estimated that this amount spent in the creation of new physical assets by these firms will rise to one dollar in every four dollars within the next generation. Those of us who are concerned more particularly with coal and generally with the other alternative means of energy production such as oil and natural

gas, feel that we should record why it is we can support a bill of this kind looking towards the extension of Stanmount's capacity to carry on the exploratory work with an even mind and without too much preoccupation by the government of this country with the extension of these alternative sources of energy. With all this expenditure, one dollar in every seven, Canada has never been and is not today self-sufficient in usable energy. Some economists measure a nation's national growth by the amount of usable energy which it possesses.

In 1950, eight years ago, we were then importing nearly two-thirds of all our fuel needs in this country. In 1955, the last year for which all the relevant statistics are available, I believe we spent $438 million on foreign exchange for the purchase of various fuels, including oil. If we were to account fully for our balance of payments on account of energy we should, I suggest, have to allow for the purchase of machinery and equipment used in energy import and also for payment to non-residents for such things as interest and dividends. We are, therefore, spending in this country today a large sum of money to import energy in some of its forms. We can measure our national growth, not only by the customary criteria of the gross national product, the growth of population, average wages, the increasing standard of living, but by the increasing use of energy, the use of coal, oil and natural gas, wood and water on Canada's farms, in her factories, in her homes, in her stores and in her mines. Those of us who are sent to this house to protect, defend and champion the cause of coal production do not want to be narrow-minded in our vision on this matter. We want to see the country prosper, and with it the people whom we represent and whose livelihoods depend in a larger part upon coal than they do at this time upon oil or natural gas.

A farmer in Canada can harvest today with power-driven equipment 30 times the acreage he could harvest by the use of hand tools at the time of confederation. A farmer in Canada today can harvest 30 acres for every acre he harvested in 1867. Paper mill operators turn out 10 times as much today as they did in the same period of time in 1900 as a result of the use of energy. To raise a ton of ore took two hours as recently as 1930; it now takes less than 50 minutes.

Mr. Speaker, some of us in the house are concerned with oil and natural gas but it would be understandable that in passing, at what we believe to be a late date in this session, or in giving support to a bill such as one asking for an extension of legislative capacity for Stanmount Oil, we are naturally concerned with coal. If I may be permitted to enliven the declining hours of this afternoon's sitting, may I say that we are of a mind that there is no fuel like an old fuel.

Some hon. Members: Oh, oh.

Mr. Morris: It was the extensive possession of coal reserves which gave the first preeminence to the Ruhr valley. We do not need to go this far afield—

Mr. Speaker: I was just about to remind the hon. member that he was getting a little bit away from the Stanmount Pipe Line Company.

Mr. Morris: Very well, Mr. Speaker. If I may therefore speak only for one moment on the relative percentages of the production of total energy occupied by coal and petroleum, I should like to remind the house that a splendid report prepared by John Davis for the royal commission on Canada's energy prospects envisages that by 1980, 45 per cent of the total energy in Canada will result from the use of petroleum whereas the figure today is 42 per cent, and that for natural gas it will be 25 per cent as compared with the present figure of 4 per cent. Yet for quantitative purposes there are broad indications why it is that coal constituency members can support the extension of oil exploration and research in this country, for the prospects for the use of all forms of energy including coal are excellent. We therefore look forward to a growth in that area of energy production that especially animates us, along with the increase in the use of oil and natural gas.

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

Mr. John Pallett (Peel): In rising to speak on the bill, Mr. Speaker, I should like to express my appreciation to the hon. member for Halifax (Mr. Morris) for his little bit of leaven in the loaf. I think that is something that we shall perhaps be using on many platforms in the weeks to come. At the moment I would think that we might get back to the bill in question.

As was indicated by the sponsor, when this company was originally incorporated it was for the purpose of building a line which would originate south of the Canada-United States border and then come up into Canada and for the purpose at that time of developing what were hoped to be reserves.

As the sponsor has said, the company never went into operation but it desires to reorganize. This is something of which I think the house might well take cognizance. It is an indication of faith in the future of the country that this company wishes to reorganize, no matter who owns or controls

it. In order to keep pace with the development of the country they suggest that gas might now be added to the commodities they can carry. This is a recognition of the fact that gas is now attaining a position of importance in the energy picture in this country. But more than that, as was pointed out by the hon. member for Assiniboia (Mr. Argue) when he indicated to the house the ownership of this company, it is an indication by a large company of faith in the development of the future of this country. He will probably say "Yes, to the shareholders' profit". However, I point out to him that without people of vision in this country there would be no jobs in this country; and without people who reorganize companies and who go ahead and develop the country, there would be no work for the people in the country.

In my riding I have a large labour element and there is not one of those who are responsible who will not be the first to admit that fact. For that reason they support the free enterprise system very radically and strongly in my riding, I may say. I might point out to the hon. member for Assiniboia that he cannot becloud the issue on any bill or any matter before this house simply by saying that it is for the profit of a company. These people do these things for profit, certainly. But along with that motive they also create jobs for workers whom the hon. member professes to represent. You know, Mr. Speaker, many of the arguments of the C.C.F. group remind one of what Bassanio said in the Merchant of Venice:

> Gratiano speaks an infinite deal of nothing, more than any man in all Venice. His reasons are as two grains of wheat hid in two bushels of chaff; you shall seek all day ere you find them, and when you have them, they are not worth the search.

Mr. Argue: That is your contribution for the whole session.

Mr. Pallett: Perhaps it is a great deal more worth while than any I have heard from that group and perhaps more lasting also.

Mr. Argue: I have heard that for years.

Mr. Pallett: On the bill in question, Mr. Speaker, may I say this. It is a step that a company wishes to take. They have assessed the situation and they come to us, because they were incorporated originally under an act of this parliament, to assist them not in any pecuniary fashion but merely in an administrative fashion, by adding this commodity. It is for that reason, Mr. Speaker, that I stand in my place and suggest that we give to this bill the measure of support that it deserves.

Some hon. Members: Question.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

An hon. Member: On division.

Motion agreed to on division, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

MID-CONTINENT PIPELINES LIMITED

Mr. P. B. Rynard (Simcoe East) moved the second reading of Bill No. S-15, respecting Mid-Continent Pipelines Limited.

He said: This is a very simple bill respecting Mid-Continent Pipelines Limited which was incorporated in this house in 1953. When it was incorporated it was to carry gas and oil anywhere in Canada. The company now seeks permission to build a 30-inch pipeline from Edmonton down to just southwest of Chicago.

This pipe line will pass through Edmonton down through Camrose and across the Alberta border into Saskatchewan, will go along by Moose Jaw and Regina and will cross into North Dakota in the area of Northgate; it will cross from North Dakota into the state of Minnesota near the twin cities of St. Paul and Minneapolis, close to Rochester, and will then cross the Mississippi river just below the city of La Crosse and into the state of Wisconsin. It will then cross the state of Wisconsin and will go into the state of Illinois and will end at or near Joliet, which is southwest of Chicago.

It will be a 30-inch pipe line with storage facilities at both ends, and will have four pumping stations. The Canadian section will be built, owned and operated by Mid-Continent Pipelines Limited and the United States section will be built, owned and operated by a United States company which is a wholly owned subsidiary of Mid-Continent Pipelines and the majority of whose directors will have to be residents of Canada.

The complete control of this pipe line will therefore rest with Mid-Continent; the pipe line will be a carrier pipe line only, carrying oil from western Canada where we have a large exportable surplus of approximately twice the amount of oil we can use today and where, according to all forecasts, in the next ten years we will still have twice the amount of oil we can use. Detailed economic and geological studies of this area point out that last year the United States reserves for the first time dropped below their reserves in the previous year, 1956. Over the last ten years there has been a gradual decline in the ratio of United States reserves to increased consumption. Studies of the greater Chicago area show that the area uses approximately

an increase of 5.5 per cent per year as compared with the level across the United States of 4.5 per cent.

All the factors point to the fact that it is getting harder for the United States to find oil. Not only is it getting more expensive to pump but oil surveys show that the Mid-Continent Pipelines feel this is a great field for our exportable surplus of oil, particularly in Alberta and the other western provinces.

The initial output will be approximately 150,000 barrels per day and will gradually increase to 300,000 barrels per day. On the present schedule that will amount to $250 million in terms of United States dollars per year, and I am sure every member of this house will be very proud and glad to know that this would approximately equal one-quarter of our adverse trade balance.

In order to facilitate this project Mid-Continent Pipelines seeks certain amendments. Firstly, under clause 1 they have an authorized 5 million shares of no par value; they have issued 200,000 shares of paid up capital at 50 cents a share, amounting to $100,000. It is their purpose to further finance the project and further shares are to be issued for this purpose at not less than $1 per share.

To avoid preferred treatment for present shareholders, one out of every two issued shares is to be cancelled so that $100,000 of paid up capital of 100,000 shares is to have an average price of $1 per share. The unissued increase of 100,000 shares is so that the authorized capital will be restored to the usual 5 million shares.

We ask for three changes so that we can operate in order to sell this oil across the border: Firstly, the capacity to operate within and without Canada—21 of the 23 pipe line companies have already been granted this facility. Secondly, the addition of the words "extraprovincial and/or international" which are common to pipe line acts. Only two of the 23 pipe line companies are limited to interprovincial operation. Thirdly, we ask for the deletion of the proviso reading, "Provided that all pipe lines for transmission and transportation of oil and gas shall be located entirely within Canada". This has been looked after in chapter 37 of the 1957 and 1958 statutes on petition of Alaska-Yukon Pipelines and Mid-Continent seeks to have this proviso similarly deleted so that it may have complete control of this international oil line.

Before construction can start, however, permission must be obtained after an exhaustive and detailed public investigation by the board of transport commissioners. The licence to export the oil must also be obtained from the Minister of Trade and Commerce (Mr. Churchill).

I am accordingly pleased to move that this bill be now read a second time and referred to the committee on railways, canals and telegraph lines for examination and report.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as an old enemy of this legislation I wish to say a few words at this time. This bill has appeared under various names and on each occasion it has had a different sponsor. In 1952 it was introduced as Boundary Pipelines and in 1957 when it was introduced it was renamed or rechristened—in any event it was converted in the meantime—to Mid-Continent Pipelines Limited. At that time it was very strongly opposed by all members of the group with which I have the honour to be associated.

Mr. Speaker: I regret to have to interrupt the hon. member, but the hour for consideration of public and private bills having now expired, the house will now revert to the business which was interrupted at five o'clock.

INCOME TAX ACT

The house resumed consideration in committee of Bill No. C-39, to amend the Income Tax Act—Mr. Fleming (Eglinton)—Mr. Rea in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 11—*Charitable donations.*

Mr. Godin: Mr. Chairman, when this discussion was interrupted at five o'clock I was referring to the amazement on the part of the people of Canada concerning the provisions of this clause which increases to 10 per cent the exemption in the case of corporations wishing to make donations to municipalities. This will undoubtedly assist some municipalities. It is the source of equal amazement that individuals who give moneys to municipalities will receive no additional relief whatsoever. In the face of certain references to meetings with municipal organizations the government appears to be suggesting that our municipalities should make every effort possible now to live off the charity they may be able to obtain from certain people who may be in a position to make substantial donations.

I ask hon. gentlemen of this committee in what way this can assist the ordinary citizen in our many municipalities who owns a home and requires services for which he is willing to pay? There must be equality of treatment in taxation. Costs differ as

between municipalities and in the case of mining municipalities such as my own costs are high because of the terrain. I submit it will be with surprise that the Canadian people will realize that some wealthy corporations will be able to obtain greater tax relief through making donations in the form of charitable gifts to municipalities whereas the ordinary people of Canada will receive no additional benefit.

In closing my remarks I wish to refer to the exemption to be granted for payments made for ambulance fees to a licensed private hospital. This is relevant to the clause—

Mr. Fleming (Eglinton): Mr. Chairman, can we not deal with that when the next clause is called?

Mr. Godin: I shall be pleased to do that, sir.

Mr. Fleming (Eglinton): Mr. Chairman, I wish to make a comment on what has been said. The hon. member for Nickel Belt has quite misconceived the effect of the clause with which we are dealing. There is no change made in the definition of the word "charity" by this bill. All that this clause does is to enlarge from 5 to 10 per cent the proportion of the income of corporations which when contributed to charities may be deducted from income for tax purposes. The existing section in the act has long made provision for gifts to charities, and among permissible gifts to charities are gifts that may be made to the crown in the right of the province or to a municipality. These are voluntary gifts to municipalities, the kind of gifts that people sometimes make as memorials; for instance, memorial parks, memorial gardens, memorial fountains and memorial recreation facilities. That is the sort of thing with which the clause deals and all the amendment does is simply to enlarge from 5 to 10 per cent the proportion of income which when given by a corporation to charities may be deducted from income for tax purposes. It does not touch the definition of charity at all.

Mr. Benidickson: Mr. Chairman, when we last discussed this item just before the rules put us on another subject at five o'clock we were for the first time considering an amendment to section 27 of the Income Tax Act. I indicated at that time I wanted to rise in defence of the rights of the hon. member for Nickel Belt under the rules to discuss at this time something that was not proposed before with respect to an amendment to section 27.

First of all I would point out to the Minister of Finance that with respect to this and other bills which he has recently sponsored in this chamber we have been reasonably lenient. I hope we have recognized at all times that at previous stages consideration has been given to some of the objections that might obtain among the public. But in objecting at this stage to the right of the hon. member for Nickel Belt to discuss a possible amendment to section 27 of the Income Tax Act I feel the Minister of Finance was adopting an unwise procedure. I should like to remind the hon. gentleman that I cannot recall in recent years as I have watched him very carefully in discussions on this type of legislation that either on the introduction of the first clause or on the introduction of an amending clause that referred to an important section of the act was the minister himself or any hon. member of his group denied an opportunity to discuss this kind of measure fairly thoroughly.

But he cannot have it both ways. If we are fairly lenient to the minister in restraining our debate when the Speaker is in the chair, as I think we have been in connection with this bill, surely when we come to a discussion of the individual clauses of the bill the minister will not want us to be particularly restrained if there is a real semblance of relevance with respect to the amendment of any section we are concerned with.

The minister was always very vocal when he was on this side of the house. I want the minister to try to return the consideration that we have shown toward him in the last couple of days in discussing some of his legislation. I think we have been reasonably expeditious in our consideration of it. I just want to relate this little story that I recall about one of New York's taxi drivers. A passenger looked at the meter and he saw the exact amount that he was supposed to pay and he paid it. He saw that the taxi driver's chin dropped quite a bit and he asked, "Is that not correct?" The taxi driver said, "Yes, it is correct but it is not right". I want the minister to look at past debates and I want the new members of the house to look at past debates with respect to budget matters and I think they will find there has not been very much abuse with respect to relevancy in regard to items in committee of the whole after second reading. Certainly, he should not have been so stringent in objecting to the remarks that the hon. member for Nickel Belt intended to make at five o'clock because he proved to the minister that his remarks were brief and very much to the point in connection with section 27 of the bill.

Mr. Godin: Mr. Chairman, in view of the remarks of the Minister of Finance may I ask him a question? I recall that in the budget

speech he emphasized the fact that the donations made by corporations in Canada which would qualify for the exemption would go in some cases to municipalities. The minister stated that the donations to municipalities should be for monuments and parks only. Is that so, or if a corporation feels that it would like to dispose of certain extra funds and it gave moneys to a municipality can it obtain an exemption by sending the receipt to the proper department? Where in this law can the minister indicate that those donations are only for monuments and parks?

Mr. Fleming (Eglinton): Mr. Chairman, I did not say they were only for monuments and parks. That is the common case of a charitable gift to a municipality. The clause makes provision for gifts by any taxpayer.

Mr. Benidickson: Because of the new form of solicitation for charitable funds which might be destined to a municipal source, would not this provision basically require that they should involve a housing proposition that is to be sponsored by municipality?

Mr. Fleming (Eglinton): It is not confined to that at all. There is reference to housing corporations in line 11.

Mr. Pearson: I should like to ask the minister a question on this clause. If the question was asked before five o'clock when I was not here I apologize. I take it the purpose of this amendment is to encourage charitable donations from corporations, and that the minister may have had in mind that this would even encourage special donations from corporations for educational purposes, foundations, scholarships and that kind of thing. In assessing the possible effectiveness of this amendment it would be interesting if the minister could give us some information as to the percentage of corporation earnings, in the last year for which figures are available, which have been deducted as directed to charity.

Mr. Benidickson: A little over one per cent.

Mr. Fleming (Eglinton): I gave that information when we were in committee of ways and means on the budget resolutions respecting the Income Tax Act amendments. I shall be glad to give the figure to the Leader of the Opposition. In 1954 the total charitable donations by corporations indicated in their income tax returns amounted in round figures to $25 million, or 1.2 per cent of the income of those corporate taxpayers; in 1955, $27,600,000, or 1.1 per cent of their income; in 1956, $32 million, or one per cent of their income. As the Leader of the Opposition indicated at the outset of his remarks, on June 17, I laid some emphasis, in announcing this particular resolution, on the encouragement that I hoped it would give to corporations in particular to support universities.

There are certain charitable causes that naturally have more appeal to philanthropy of the individual than to corporate philanthropy; support of churches I gave as one example. I did make a very strong appeal on that occasion to the corporations to give active support, and much enlarged support, to the universities.

Mr. Pearson: Mr. Chairman, corporate contributions to education in some countries have gone farther than they have in Canada. I am thinking of the United Kingdom and the United States. Perhaps this amendment —though it may not have any immediate effect because it is quite a jump from under two per cent to 10 per cent—will achieve the objective the minister and the government have in mind in making the change to encourage corporations to assist education in this country, higher education especially, as they are gaining so much themselves from the results of higher education. As we all know, if there is any activity in this country which needs financial help at the moment, it is higher education. I am sure we all hope that this amendment, though it may not have any immediate practical effect, will be an encouragement to corporations to make progress. If they cannot reach 10 per cent, perhaps they can reach five per cent before long.

Mr. Fleming (Eglinton): I think it is well to bear in mind that although the average is much below the existing five per cent, undoubtedly some corporations have been contributing up to the full five per cent, and they no doubt will be prepared to go beyond five per cent. Indeed, we have had indications to that effect, and we hope that their example will be followed by some others that have not been quite so generous in their charitable donations.

Mr. Benidickson: I cannot readily recall but if in a past year corporations have overspent the five per cent opportunity can they average it under the Income Tax Act?

Mr. Fleming (Eglinton): They can to the extent they exceed the maximum. They can apply it in the next year.

Mr. Benidickson: But hitherto, if in the taxing year they had given more in the way of charitable donations than five per cent of their taxable income there was no opportunity to transfer the balance forward to the next taxing year?

Mr. Fleming (Eglinton): Yes, they have the right to do that, to carry the excess forward into the next succeeding year.

Subclause agreed to.

On subclause (2).

Mr. Godin: Mr. Chairman, it may be of some assistance if I inform the minister as to the value or lack of value of this amendment in paragraph (vi) in certain areas of northern Ontario, and especially in the riding of Nickel Belt. It will be very difficult for the taxpayer to realize why exemptions for certain types of transportation to hospitals should be limited to ambulance services or an ambulance.

In my riding there are no ambulance services and no hospitals except private clinics operated by certain companies. Furthermore, if you were to use an ambulance to travel from certain parts of my riding to the hospitals in the adjacent riding of Sudbury it would be necessary to travel for two days. The people who live in the lumbering communities in my riding and who are not receiving large salaries periodically, on the occasion of grave illness, must be rushed by plane or train to the nearest hospitals in Sudbury which would take roughly four to five hours. This is very costly compared with what people have to pay who live in well organized municipalities where there are hospital and ambulance services.

My people will be very disappointed to realize that this exemption is primarily meant to benefit the people in the metropolitan area of Sudbury rather than those people who live some distance away and to whom the cost of transportation to hospital means something. An ambulance account may be $5 or $10 at the very most but poor people living in remote areas must travel by train or plane to hospital and the heavy expense they incur is not covered by this clause.

For these reasons I feel that it will be a great surprise to the people of my riding when they realize that the amendment is meant to benefit only some of the taxpayers of the country.

Mr. Benidickson: Mr. Chairman, there was considerable discussion of this matter at the resolution stage and I thought the hon. member for Burin-Burgeo made a very important contribution to the debate at that time as has the hon. member for Nickel Belt now. I confess that when I looked at the resolution and certainly when I looked at the proposed amendment in the bill I felt, without meaning any offence to the Minister of Finance, that there was an undue Toronto complex in the design of this amendment. I see that the Prime Minister is in the house. I know that he represents a remote and vast northern area like I do and as does the hon. member for Nickel Belt. The Prime Minister will know that in our sections of the country we have not got ambulances and that our people on occasion find themselves faced with an emergency where they have to engage the most available type of transportation. Transportation is not by ambulances such as the Minister of Finance would be familiar with in Toronto. It might very well be a taxi.

From my experience in the past I have found that taxi companies assume a great risk in transporting sick persons. There may be some chance of damage to the vehicle caused by the sickness but they always provide a car. I find that the air transport companies do the same thing. There is never any hesitation in making this type of ambulatory service available. It is always made available as soon as possible after the call is received.

I think the clause is unduly restrictive. I know that the availability of formal ambulances is increasing not by reason of the fact that there is any profit in buying an ambulance and making the service available to people in a certain community but largely by reason of the fact that funds have been made available by service clubs which realize that in small communities an ambulance service would not be commercially sound as a business venture. Service clubs have made ambulances available in such communities in the same way as they have sometimes made fire protection services available.

I am worried about the wording of this clause and I am a little worried about the experience of the Minister of Finance. I see he is discussing the matter with the Prime Minister and I think he will get some good counsel from him because he is well acquainted with some of the remote sections of northern Canada. I think we could readily provide an amendment to cover those who live in remote areas and, when they require immediate ambulatory service, are faced with an excessive charge. I know the worries of the officials of the department. They fear that people in urban areas will want to travel back and forth to a hospital by taxi and claim entitlement for a tax deduction. But in giving consideration to that element I think they have overlooked the very oppressive financial cost imposed upon people in remote areas who on occasion require this essential service. I think we could very readily amend the clause so that people who live in remote areas may claim exemption once, twice or more often in a year for the cost of what we know in cities as an ambulance but which in their case involves the

use of an airplane, boat or taxi because the ambulances we see on the streets of our cities are not available to them.

Mr. Herridge: I wish to support the remarks of the hon. member for Kenora-Rainy River and his suggestion to the minister that meaning of the word "ambulance" should be widened. At the present time it is far too restrictive. I am sure the hon. member has spoken from experience very similar to mine. My constituency is isolated and there is a lot of logging and mining. On occasion I have helped to bring out an injured man 9 or 10 miles on a pack horse. On another occasion I had to hire four men to carry an injured man a distance of 9 or 10 miles on a stretcher. On other occasions we have had to use launches over a considerable distance and in other cases logging trucks in order to transport people some 20 or 30 miles to hospital. On all these occasions there is an excessive cost. The purpose of the use of horses or individuals or vehicles is to get the man injured in the woods or mines to a hospital. There are a good number of locations in my constituency where there are no road facilities but only trails. These accidents occur in the course of timber cruising, prospecting and on some occasions trapping.

I cannot see why persons who live in urban areas should have a preference over those people who live in the backwoods. In the majority of cases they can hire a licensed ambulance. In the northern end of my constituency, injured lumbermen, injured miners, trappers or prospectors, are taken to hospital in what would be, from the point of view of this bill, quite unconventional ways. However, the expenditure in connection with that transportation is quite often treble the cost of taking a person to a hospital in a licensed ambulance over paved highways.

I do urge the minister to give some consideration to the representations made at the resolution stage, and again now, by the hon. member for Kenora-Rainy River with respect to giving those persons who live in the isolated and more or less undeveloped areas of Canada the same rights and opportunities under the law as those who live under different circumstances and who have an opportunity to use the vehicles mentioned in this bill.

Mr. Benidickson: When I made reference to the Prime Minister, I failed to mention that there is some form of free service to the sick in his province of Saskatchewan in so far as air ambulance service is concerned. However, I am sure he will be equally sympathetic to those in other provinces who are situated in a remote area and have not the advantage of a similar government scheme. I feel this is very serious. I do not like to see in legislation anything that might in a transitory way appear to be a bit of window dressing, and ambulance service being included among the things that would be available for tax deduction in certain cases.

The hon. member for Kootenay West knows some of these vast areas as I do, and the situations are different with individual taxpayers. I have respect for the tax officials who have to examine the type of tax items that come before them. I think they have as generous a heart as any of us in this chamber. On the other hand, when a tax claim comes in they are inclined to define very rigidly what is an ambulance. This is what I fear. I think an ambulance is a vehicle that is clearly definable in large urban centres, but it certainly is not the kind of vehicle that, in many parts of my riding, would be used to bring sick persons down to the infrequent hospitals that exist in the area. I think the minister should reply to this.

Mr. Caron: I want to say a word on this subject. As this clause is written, there is no limit fixed in so far as transportation by ambulance is concerned. It may be five miles, 10 miles, 50 miles or 200 miles, and so long as the person is being transported to a hospital the cost of the ambulance is deductible for income tax purposes. Suppose a man has been hurt in the woods above Maniwaki. When he arrives at the hospital in Maniwaki it may be claimed he needs the attention of a neurologist. The nearest one is in Montreal, so they take the man to Montreal at a cost of $50 or $60. This amount will be deductible for income tax purposes, but the department will refuse to allow deduction of the cost of transportation from the more remote areas by train, by boat or by any other kind of vehicle. I think there is something which is not quite right about this clause. The department will allow the cost of transportation if the person is moved by ambulance, but if it is not an ambulance the department will not allow the amount even though it may be less than the cost of an ambulance.

Mr. Benidickson: Would it be possible for the minister to indicate whether or not in his opinion he believes the officials of the Department of National Revenue would be satisfied, provided this section is not abused by the taxpayer, that "ambulances" as defined in this section means such conveyance under emergency medical situations as have arisen, as conveyance by airplane, by boat or even by commercial vehicle?

Mr. Godin: The minister may appreciate it if I relate to him the fact that "ambulance" undoubtedly does not include a taxicab. However, because of the long distances in my riding, which I mentioned earlier, it has been known on occasion that childbirth has occurred in taxicabs. Possibly this is a case where the mode of transportation became at once the ambulance and the hospital.

Mr. Denis: It would be all right it if were made to read "by ambulance which is used for transportation".

Mr. Fleming (Eglinton): There was a full discussion of this matter a month ago when the resolution was before the committee of ways and means. I would say this was one of the matters discussed until it was threadbare.

I remind the committee, without repeating all the things that were said on that occasion, that this is the first time in the history of federal legislation that any expenditures for transporting ill persons to hospitals have been permitted to be included within the scope of medical expenses which are deductible from income within the rules laid down by the Income Tax Act. This is the first time and I could at least, I think, ask my hon. friend from Kenora-Rainy River why he did not show, in the earlier days when he was helping to shape the policy of this department, the same concern that he is exhibiting tonight? It would have been helpful in those days to have some assistance from him in seeking to bring about measures of this kind, as some of us then on the other side of the house were endeavouring to do.

I indicated a month ago when this was under discussion that this is the first step into this field. Transportation is limited to an ambulance because it is relatively easy for officers of the department to verify. I indicated at that time in reply to questions that air ambulances, of course, were included. The definition is not confined to surface ambulance at all. This matter will be studied in the light of experience, and there is no intention on the part of the department to give the new clause a hard or rigid interpretation. The matter will be under review, and experience will guide those responsible for shaping policy in this respect.

Mr. Benidickson: I wonder if the minister would not consent to a very slight amendment to this section. Would there be anything wrong in suggesting perhaps the words "ambulatory vehicle" instead of "ambulance", because I assure him that ambulance, as we understand it in the urban areas is not available in some of these vast areas. I would even consent if the minister had some limitations as to the frequency of use of these vehicles for such a purpose. I was wondering about the wording, "for transportation by ambulatory vehicle to or from a public or licensed private hospital"; would the minister consent to that?

Mr. Fleming (Eglinton): I believe that would be more restrictive than the present wording.

Mr. Godin: In view of the remarks of the minister, Mr. Chairman, may I suggest that possibly this clause could be amended to satisfy all circumstances just by striking out the word "ambulance" and adding the words "proven necessary transportation to a licensed hospital." That is what is no doubt meant by the legislation, unless the minister is now prepared to admit to this house that if this government brings in any new legislation, it will only do so in a form that is half right.

Mr. Habel: I want to ask the minister a question. What would be the situation in a case where an ambulance would be hired? For instance, suppose that the new section is in effect and a man hired an ambulance in some distant place, or rather hired an ambulance for a sick person to be taken to Toronto from a northern point. The cost of the ambulance might be anywhere from $100 to $200 or $250. Would he be allowed to deduct that amount?

Mr. Fleming (Eglinton): Obviously a case like that would be examined very closely in order to make sure that there was not an attempt to abuse the section. If a man in urgent need of hospital attention chose to drive past seven or eight hospitals on the way and to take himself off on a long trip, I would think that the department might be disposed to question whether part of the bill would qualify within the terms of the section.

Mr. Habel: On that very point, Mr. Chairman, may I say that I have in mind a case where a man was taken to a hospital on a Sunday night. The doctor in charge of the hospital called the specialist in Toronto and was told that the patient had to be taken to Toronto by the first possible conveyance. He had to be taken by T.C.A. It cost two fares, as the patient had to be transported on a stretcher, plus the fare of a nurse. In other words, it cost less to send him by plane than it would have cost to send him by ambulance. Still the minister does not want to include transportation other than by ambulance.

Mr. Fleming (Eglinton): This clause fixes no limit on the permissible amount. In the

case that my hon. friend was putting to me, it is a question of what is bona fide in a particular case.

Mr. Habel: What I am trying to point out is the fact that, even with a nurse, it costs less to send the person by plane than it does to send him by ambulance. Yet the minister does not want to include transportation by plane.

Mr. Fleming (Eglinton): In such a case there has never been any right in the past to make any deduction whatever, no matter what type of vehicle a man might use.

Mr. Habel: That does not justify the situation.

Mr. Benidickson: My hon. friend referred to the past and said that he is proposing an improvement. But surely after the lengthy discussion that takes place before these amendments are advanced he would want the best possible improvement. I am thinking in terms of an injury that might take place in one of the forests of the country, as often happens, in a region that is rather remote. If the injury is serious, medical attention would be absolutely necessary under the circumstances. In advancing this proposal I do not think the minister has approached the matter with his usual open mind with a view to getting the best possible improvement in the existing statute. I wonder whether the minister has given his final word on this matter. I know he is a good draftsman himself and he has in front of him some officials who I think could improve on this amendment and give effect to what he had in mind. I think he does not want a little bit of window dressing that would apply to some of our big cities and big towns with respect to this amendment. I think he would want something that was generally applicable across the country; and I do not think this amendment is so applicable.

Mr. Caron: Has a definition been given to the department as to what an ambulance is according to this law? There is the ordinary definition of the word "ambulance", but will there be a wider definition of the word "ambulance" for the purpose of the law?

Mr. Benidickson: What is an ambulance likely to be?

Mr. Fleming (Eglinton): The act does not define "ambulance". I think the hon. member was not in the house a short time ago when I said that the department would not be giving a hard interpretation to this provision. It is the sort of problem that we shall have under examination and as to which we shall be guided in the future in the light of the experience we have with this clause.

The Deputy Chairman: Shall subsection (2) carry?

Mr. Benidickson: We are discussing subsection (2) of this clause 11 of the amending bill. It deals in a general way with deductions possible on health grounds. We have opposed vigorously the restrictions that seem to relate to this item of ambulance cost. I should like to refer the committee to a discussion which we had earlier and which was originated, I think, by the hon. member for Welland when he pointed out that, particularly among the poorer people of the land, those whose income does not make it necessary for them to pay income tax, possibly the best fiscal change which could be made by the administration for them in the matter of expenditures for drugs would be the elimination of the sales tax on drugs. I am sure that the minister and those in front of him associated with this responsibility will give this matter consideration. But in the present year we are finding that several provinces are taking advantage of the hospital insurance proposition which was introduced by the previous administration and followed up by the present administration, and which has been acceded to by a number of provinces. I know that Manitoba, with which I am closely associated by reason of residence slightly to the east of the provincial boundary, from July 1 has participated in and taken advantage of the availability of the offer of the federal government hospital insurance scheme originally made possible by the previous administration.

When we discuss this item with respect to deductions from income tax I am concerned as to the position of taxpayers in that province in relation to those in other provinces such as British Columbia, Saskatchewan and Alberta with regard to either expenditures for insurance or fees for insurance vis-à-vis expenditures for hospital costs when they arise. What changes, if any, are likely to be necessary in administration with respect to hospital costs, say, in Manitoba for persons who could have had, prior to July 1, an assessment against them for per diem costs but which I understand for basic services would no longer be assessed against them by reason of the federal-provincial operation of our hospitalization plan?

Mr. Fleming (Eglinton): We went over this subject at very great length a month ago in committee of ways and means. There is nothing in this clause which touches upon hospital costs at all. The words "hospital costs" do not appear in it. That will continue to be covered by the law as it is.

Mr. Benidickson: This is the only opportunity on which I can ask the minister questions as to his intentions with regard to the administration of this clause. Would the minister say whether or not after July, 1958, those persons in Manitoba who from that time on may abandon Blue Cross for the Manitoba medical scheme and who may decide to pay such premium as the province assesses against them so that they may be recorded as members of the scheme, will continue to be able to go to the hospital if necessary and to get from the hospital an assessment of the amount of the bill which they would have been asked to pay had they not been hospitalized under the new scheme? Would the minister answer the question?

Mr. Fleming (Eglinton): Mr. Chairman, I dealt with that question at very great length when the matter was before the committee of ways and means a month ago. I must repeat that there is nothing in this clause which affects the question in the slightest. If my hon. friend is interested in following up the matter he will see that I dealt with it at very considerable length in the committee of ways and means.

Mr. Horner (Jasper-Edson): I would like to take a moment of the committee's time to commend the Minister of Finance upon this whole subclause (2) and particularly on subparagraph (vi). I think he is to be commended for the wording used.

I have practised medicine in the bush country and in my particular area it is necessary to service a district covering 70 miles. I have personally made trips over such distances and ambulances have had to be sent up to outlying areas. This is going to be of tremendous benefit to those people who, until now, have had to pay out substantial sums without being able to deduct the cost from their incomes.

With respect to the arguments put forward by several members on the definition of an ambulance and as to whether they should have wheels on them or not, that is trying to define something too finely. I am very happy with the minister's explanation that the department is going to leave it open so that there might be a little room for adjustment if necessary. It is certainly a great thing for the people of my constituency; they will be greatly benefited thereby and that goes for the other paragraphs in this subclause. In these days of increased costs of drugs, artificial limbs and other services, this amendment is really going to help those people who need help most, people who are not in the high income brackets and who usually have to put out substantial amounts of money. I am sure they will be very appreciative of this relief from income tax.

Mr. Crestohl: I would like to address myself to the words appearing at the top of page 9 with respect to subclause (2), paragraph (viid), which reads as follows:

—for laboratory, radiological or other diagnostic procedures or services together with necessary interpretations, for maintaining health—

Could the minister tell us what he means by "necessary interpretations"? Would that include therapeutic treatment or massages? Does the wording "for the purposes of maintaining health" cover these items? What is the intention? Would the minister give us some interpretation of the word "interpretations"?

Mr. Fleming (Eglinton): I should be glad to endeavour to interpret the word "interpretations". We have in mind here such things as radiological services where they involve the taking of X-rays which would necessarily include the interpretation of or the reading of the X-ray plates.

Mr. Benidickson: I have one observation to make, and I think this applies to subclause (3) but I judge, Mr. Chairman, that you are allowing a fairly wide debate on this clause and are not calling the subclauses.

I see that the application of deduction for medical expenses applies only to expenses of this nature after June 17, 1958, which was the date of the budget. The minister was more lenient with respect to charitable donations from corporations and I wonder how he justifies drawing the line at June 17, 1958 for individuals who may have had medical expenses such as those now being allowed for deduction. I think he probably should have allowed them for the taxation year, and as I say I find that with respect to charitable donations from corporations the date was set at an earlier time. How does the minister reconcile the two?

Mr. Fleming (Eglinton): Are we on subclause (2) or subclause (3)?

Mr. Benidickson: Subclause (2); I was ahead of the game.

Mr. Godin: Mr. Chairman, I would like at this time to move an amendment to clause 11, subclause (2), paragraph (vi) as follows:

That clause 11, subclause (2), paragraph (vi) be amended by striking out the words "by ambulance" therefrom.

Mr. Fleming (Eglinton): I submit to you, Mr. Chairman, that the amendment is out of order. If the argument of the hon. member who has introduced this motion is tenable it means that the effect would be to subtract something from the revenues of the crown and to disturb to that extent the balance

of ways and means. It is on that basis that I submit the amendment is clearly out of order.

Mr. Godin: I submit on the point of order that if this amendment does anything it creates revenue for the government and in no way decreases government revenue.

The Deputy Chairman: I feel that this amendment would very much widen the scope of the clause and I therefore feel it is out of order.

Shall subclause (3) carry?

Mr. Fleming (Eglinton): On subclause (3) I was asked a question by the hon. member for Kenora-Rainy River.

The reason for selecting the date June 17, 1958, is very obvious, Mr. Chairman, because we are introducing here a number of new elements that enter into the definition of medical expenses. In order to qualify the taxpayers must be able to produce their receipts and it would not be possible or reasonable to expect receipts to be provided prior to that date.

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Dividends received by corporations.*

Mr. Benidickson: Mr. Chairman, on this clause as a whole, has the administration formed any opinion as to the estimated tax forsaking involved? The explanatory not says it makes less restrictive the conditions. Is the tax loss under this clause of any consequence?

Mr. Fleming (Eglinton): No, Mr. Chairman, this amendment is not a revenue matter.

Clause agreed to.

Clauses 14 and 15 agreed to.

On clause 16.

Mr. Fleming (Eglinton): Mr. Chairman, there is an amendment to clause 16. All the amendments are reproduced in yesterday's *Votes and Proceedings,* on pages 1 and 2 of the appendix thereto. The amendment I now put forward is to be found on page 1 and I would ask my colleague the Minister of National Health and Welfare to move this amendment.

Mr. Monteith (Perth): I move:

That Bill No. C-39, an act to amend the Income Tax Act, be amended by striking out lines 17 and 18 on page 11 thereof and substituting therefor the following:

"subsection (3) of section 8 and section 81, deemed to have received from such corporation in the year, to the extent that the dividends so"

Mr. Benidickson: Mr. Chairman, I thought perhaps the minister would make an explanation as to the reason for the amendment.

[Mr. Fleming (Eglinton).]

Some hon. Members: Why?

Mr. Benidickson: If you listen you will find out.

Mr. Fleming (Eglinton): Mr. Chairman, the effect of this amendment is to insert the words "subsection (3) of section 8 and" in line 17 of clause 16 of the bill. Paragraph (a) in which these words are being inserted in this amendment deals with the 20 per cent dividend tax credit allowed on dividends received by individuals from Canadian corporations. As explained in the explanatory note opposite clause 16, the purpose of the clause is to delete a reference to section 8 of the act so that certain loans which are deemed to be dividends will not qualify for the 20 per cent dividend tax credit. However, this deletion of the reference to the entire section 8 does more than was intended. This amendment will reinstate a reference to subsection 3 of section 8.

Subsection 3 of section 8 deals with amounts paid by a corporation in respect of an income bond or income debenture that is deemed to have been received by a taxpayer as a dividend. Since these payments are deemed to be dividends the taxpayer receiving them has been entitled to a 20 per cent dividend tax credit in respect of them. The amendment to the bill that is now proposed will permit this to continue.

Mr. Benidickson: I am sure the hon. member for Wentworth and the hon. member for Durham, like myself, were very pleased to have that explanation, Mr. Chairman.

Clause as amended agreed to.

On clause 17.

Mr. Benidickson: On this clause, Mr. Chairman, I am a little concerned about the relationship between the reference to January 1, 1957, and August 14, 1956. Would the minister explain?

Mr. Fleming (Eglinton): Mr. Chairman, I believe the explanatory note is quite clear on this point. The amendment to the 1956 act carries out the announcement that I made on December 6 last that corporations carrying on business in Ontario whose fiscal year ended in 1957 would not be allowed a 7 percentage points tax abatement on that portion of their profits earned before January 1, 1957. I pointed out at that time that unless this step were taken corporations whose fiscal year did not coincide with the calendar year and whose fiscal year began before and ended after January 1, 1957, would receive a windfall but for this provision.

Clause agreed to.

On clause 18—*Deduction where income from business carried on in foreign country.*

Mr. Fleming (Eglinton): Mr. Chairman, there is an amendment to subclause 6 of clause 18. It is simply to change "1958" to "1957" in line 15 on page 13. I would ask my colleague the Minister of National Health and Welfare to move it.

Mr. Monteith (Perth): I move:

That Bill No. C-39, an act to amend the Income Tax Act, be amended by striking out line 15 on page 13 thereof and substituting therefor the following:

"(6) This section is applicable to the 1957 and subsequent".

Mr. Benidickson: Mr. Chairman, could the minister explain why this is in the public interest?

Mr. Fleming (Eglinton): Mr. Chairman, this amendment merely substitutes the year 1957 for the year 1958. This provides that the new optional formula for computing foreign tax credits made available by clause 18 will be applicable commencing in 1957 instead of 1958. This is being proposed because the shortcomings of the old formula first began to affect corporations seriously in 1957 when Ontario re-entered the corporation income tax field and Quebec first extended its corporation income tax to banks and insurance companies.

Mr. Benidickson: Mr. Chairman, I frankly do not understand the effect of this amendment. I have every confidence that the minister is advancing it in all good taste. We have not had too much notice of it and I simply want to indicate that when we are confronted on the floor of the house with these amendments some of us are not too well informed about them.

There was just a little suggestion across the house that we were delaying this bill. For a bill consisting of some 30-odd pages I think we are giving it rather expeditious passage. I am sure that some of the answers that are provided by the minister are of as much interest to hon. members opposite as they are to us and to the public, as well.

Clause as amended agreed to.

Clauses 19, 20 and 21 agreed to.

On clause 22:

Mr. Benidickson: On clause 22, Mr. Chairman, has there been much change with which I and other hon. members of the committee are not familiar with respect to the composition of the income tax appeal board? How many members are on the board? Are there any vacancies? What is the situation in this respect?

Mr. Fleming (Eglinton): The only change that has occurred in the personnel and composition of the income tax appeal board since my hon. friend went out of office arose from the lamented death of the chairman the late Fabio Monet, Q.C.

Mr. Benidickson: Has he been replaced?

Mr. Caron: Does this change mean that they will have to deal with other kinds of taxation besides income tax?

Mr. Fleming (Eglinton): Yes. The occasion for this is the fact that under the Estate Tax Act, when it comes into effect, appeals under its terms will go to this board. Therefore, since its functions are being enlarged to include appeals in estate tax questions, it will hereafter be known, on the adoption of this clause, as the tax appeal board.

Mr. Benidickson: But the number of persons on the board is not being increased by this bill; is that right?

Mr. Fleming (Eglinton): Not by this bill.

Clause agreed to.

Clauses 23 and 24 agreed to.

On clause 25.

Mr. Fleming (Eglinton): Here again there is an amendment which reads as follows:

That Bill C-39, an act to amend the Income Tax Act, be amended by striking out line 10 on page 16 thereof and substituting therefor the following:

"of subsection (3) of section 8 and section 81"

I ask my colleague, the Solicitor General, to move this amendment.

Mr. Balcer: I so move.

Mr. Caron: What is the amendment?

Mr. Fleming (Eglinton): The amendments are all to be found in yesterday's *Votes and Proceedings.*

Mr. Caron: I have it, but it does not seem very clear to me.

Mr. Fleming (Eglinton): This amendment is the same as that moved in connection with clause 16 on page 11. It reinstates the reference to subsection 3 of section 8 so that payments on income bonds or income debentures that are deemed to be dividends will continue to qualify for the 20 per cent dividend tax credit.

Mr. Benidickson: Will the minister explain the difference between the bill as presented to us and the amendment? What was overlooked when the bill was drawn?

Mr. Fleming (Eglinton): Mr. Chairman, I would not say anything was overlooked. I have just given the explanation. It is the same explanation as I gave for the previous

amendment. Instead of leaving out all reference to section 8 of the act, it reinstates the reference to subsection 3 of section 8 of the act.

Clause as amended agreed to.

On clause 26—*Employer's payment to pension plan.*

Mr. Fleming (Eglinton): Mr. Chairman, again there is an amendment to clause 26, line 21, as follows:

That Bill C-39, an act to amend the Income Tax Act, be amended by striking out line 21 on page 16 thereof and substituting therefor the following: "an amount not less than the amount of the special payment to ensure that all the"

I ask my colleague to move this amendment.

Mr. Balcer: I so move.

Mr. Benidickson: I think, Mr. Chairman, we all realize the circumstances. The bill is introduced in the house; it is printed and made available to the public. Between the time of the publication of the bill and its discussion in this committee it has had consideration by the public at large and the administration decided that certain amendments were desirable. I think it should be explained.

Mr. Fleming (Eglinton): I shall be glad to explain any of those amendments.

Mr. Benidickson: Thank you.

Mr. Fleming (Eglinton): This particular amendment to clause 26 is introduced for greater certainty. As will be seen from the explanatory note, clause 26 deals with special payments made on the recommendation of an actuary to augment an employees' pension fund. There is the possibility that the wording, without this amendment, might be interpreted to mean that any payment into the fund of an amount less than the special payment recommended by the actuary would not qualify as a deduction. This amendment will make it clear that while the employer may not deduct more than the amount recommended by the actuary, he may nevertheless deduct payments which are for a lesser amount than that recommended by the actuary.

Mr. Herridge: I should like to ask the minister a question on this clause. Can the minister inform the committee when this long-awaited blue book on pension plans is going to be issued to which the Department of National Revenue has given consideration for some years.

Mr. Fleming (Eglinton): I am afraid I will have to ask my hon. friend to direct his question to my colleague, the Minister of National Revenue. It comes under his department.

Mr. Benidickson: On that point, I do not know whether the hon. member for Kootenay West wishes to press his question. I realize that the regulations do become the responsibility of the Minister of National Revenue. Have we a new set of regulations yet?

As I recall it, the previous administration discussed for some time the desirability of a new codification of those amendments in the little blue pamphlet that was available. Is it available yet to those who are affected by it?

Mr. Fleming (Eglinton): I think the two hon. members are discussing two different things. The blue book that the hon. member for Kootenay West was asking for is to be a sort of manual or book of instructions.

Mr. Herridge: That is right.

Mr. Fleming (Eglinton): The hon. member for Kenora-Rainy River is asking about regulations.

Mr. Herridge: The book I am speaking of was conceived by the former minister of national revenue and his officials and it has been disowned as illegitimate.

Clause 26 as amended agreed to.

On clause 27.—*Payments to widow, etc. of contributor.*

Mr. Caron: Mr. Chairman, may we have an explanation of what subclause 2 means. I do not quite understand the section.

Mr. Fleming (Eglinton): Mr. Chairman, the explanatory note here is quite ample; indeed, the explanatory notes which have been written on this bill are much fuller than is usually the case. I direct my hon. friend's attention to the explanatory note. He will see that the act at present provides that a portion of the proceeds of certain pension plans shall be free of tax but this exemption applies only when the pension is received by the retired employee himself. The new subsection provides that this exemption for a portion of the proceeds shall also apply where the pension continues to be paid to the widow or other dependant of the deceased employee. It is definitely a provision that widens the benefits that the act permits.

Mr. Caron: Will it affect those pensioners who are not contributing to a pension fund? For instance, will it affect judges who are receiving pensions from the government but were not contributors to a pension fund?

Mr. Fleming (Eglinton): Mr. Chairman, the answer is that it does not apply. I am referring now to section 77, subsection 2 of the act, which reads:

> This section has no application in respect of a payment received by a taxpayer out of or under a superannuation or pension fund or plan if the taxpayer made no payment into or under the fund or plan.

Mr. Caron: Section 77?

Mr. Fleming (Eglinton): Yes, of the act.

Clause agreed to.

Clause 28 agreed to.

On Clause 29.

Mr. Caron: What is meant by provision for deduction at the source of the tax imposed on a refund of premiums under a registered retirements savings plan? Does that refer to government plans established throughout the country?

Mr. Fleming (Eglinton): The act provides for a 15 per cent tax on a refund of premiums under a registered retirement savings plan and this proposed new subsection simply provides for deduction of that tax at the source.

Mr. Caron: If the premiums have been refunded?

Mr. Fleming (Eglinton): The tax applies only where there has been a refund of the premiums.

Mr. Pickersgill: Does this clause have reference to the change made in Mr. Harris' last budget to provide for individuals' savings plans?

Mr. Fleming (Eglinton): Yes. The tax was imposed in that legislation but there was no provision made for deduction at the source and that is the occasion now for the proposed amendment.

Mr. Benidickson: My hon. friend referred to the tax. I am sure he meant the tax deduction opportunity.

Mr. Fleming (Eglinton): No, I meant the tax.

Clause agreed to.

Clause 30 agreed to.

On clause 31—*Bonus payments.*

Mr. Benidickson: I wonder whether the minister would make a statement about the views that I know that he has expressed, as well as the hon. member for Greenwood when he was chief financial critic of the Conservative party in opposition, and also the former member for Calgary South. I also refer to the 1956 convention of the Conservative party. Certain views were expressed about what should be done with respect to depletion allowances. Would the minister comment on what progress has been made? Is the whole thing stalled by reason of the appointment of the Borden commission? When may we expect the act to be amended in the light of the views that my hon. friend and his party have always expressed?

Mr. Fleming (Eglinton): There is nothing in this clause dealing with the subject about which my hon. friend is asking me.

The Deputy Chairman: Subclause 2.

Mr. Herridge: I want to repeat remarks I have made on the same or similar sections in recent years. I understand that this clause and the section in the present act provide exemptions for mining development and the development of gas and oil properties and that the purpose is to promote and stimulate production. I have never been able to understand why the application of this principle is limited to mining development and the development of gas and oil production. If the principle is sound I cannot see why it should not be applied to farmers and to those who are interested in the conservation of timber and increasing Canada's forestry production. I know that the matter has certain complications but if a farmer spends his capital to clear land of timber, to drain land and bring it into production or to irrigate land to bring it into production I think that farmer should receive exactly the same consideration for increasing the production of the country as is extended to mining companies and companies developing oil and gas.

The same consideration should apply to those who are conserving timber holdings, who have to build roads for the development of those holdings and who also build roads, trails and fire guards for forest fire protection. Such expenditure is a long term expenditure which in most cases does not bring about an immediate profit or return to the operator. It is an investment in the future in the same way as the investment in clearing, draining or irrigating land. The investment in forest roads, in building roads, trails and fire guards is an investment in the conservation of timber having in view the continuous and permanent production of a forest crop.

I have mentioned this matter before on a number of occasions. I am not suggesting that we can expect to have an amendment inserted in the bill tonight but I do ask the minister to give consideration to the extension of the principle applied in this clause to farming development and forest development and conservation. These people are increasing the production of the country just as production is increased by the mining

companies and oil and gas companies that take advantage of the legislation. I should like the minister to give me his opinion of my suggestion and to tell me whether consideration is being given to a sound application of the principle under proper safeguards to the farming and forestry industries.

Mr. Fleming (Eglinton): I have taken due note of my hon. friend's remarks, as I have of his remarks to the same effect in earlier sessions. Perhaps he will permit me to point out that section 83A of the Income Tax Act which is being amended here has nothing to do with anything except mining companies or companies engaged in exploration for or refining of oil or gas.

Mr. Herridge: I could not get my remarks in anywhere else.

Clause agreed to.

Clause 32 agreed to.

On clause 33—*"Cash method" of computing income.*

Mr. Benidickson: What grievances does this correct? What complaints have been made about the legislation hitherto that will be avoided by the passing of this clause?

Mr. Fleming (Eglinton): I think the explanatory note to this clause is quite clear. Taxpayers who compute their income on the cash basis may not deduct certain reserves allowed to taxpayers who compute their income on an accrual basis. It is simply carrying through the difference between the accrual basis and the cash basis.

Clause agreed to.

On clause 34.

Mr. Benidickson: Would the minister similarly answer my question with respect to clause 34? What grievance or inconvenience or impropriety does this correct?

Mr. Fleming (Eglinton): I cannot do better than the explanatory note. I think it is very clear and ample.

Clause agreed to.

On clause 35—*Amalgamation defined.*

Mr. Benidickson: Under clause 35 we have 6 or 7 pages of statute law that involves the amalgamation of corporations. In view of the prolixity in the statute that is going to be provided, and in view of the fact that in the past the minister has always been one who wanted to reduce the content of our Income Tax Act, I think probably a little explanation is due to the committee.

Mr. Fleming (Eglinton): Clause 35 of the bill, Mr. Chairman, introduces new legislation with respect to amalgamations. It is desirable that there should be clear and ample legislation governing the various features affecting income tax liability that arise when corporations amalgamate. The provisions here set forth in some detail are the clear statutory enactments that will govern these various questions that are bound to arise when corporations amalgamate.

The proposed new section 85I codifies the practice that has been followed in dealing with cases where there have been mergers of the type defined therein as amalgamations. This type of merger is possible under Ontario and Manitoba laws governing corporations and from time to time the taxation division has been required to deal with tax consequences of such amalgamations. It is desirable to state specifically the rules so that those who are contemplating an amalgamation may have more certainty in advance concerning their position.

The proposed section also provides four rules beneficial to the new corporations that are contrary to the practice previously followed. These are: first, the proposed subsection 3 permits a new corporation, under certain circumstances, to deduct drilling, exploration and development expenses incurred by its predecessors; second, any tax-paid undistributed income of a predecessor corporation at the time of amalgamation is carried forward as tax-paid undistributed income of the new corporation; third, where the predecessor corporations had undistributed income on hand at the end of 1949, but did not avail themselves of the opportunity to pay the 15 per cent tax thereon permitted by section 105, subsection 1, the new corporation will be given the right to pay the 15 per cent tax as though it had had a 1949 surplus of the same amount; fourth, where a predecessor corporation did not take advantage of section 105, subsection 2, which permits paying the 15 per cent tax on amounts matching its dividends, the new corporation will be allowed to regard those dividends as though it had paid them if it wishes to pay 15 per cent tax.

Clause agreed to.

Clauses 36 to 38, inclusive, agreed to.

On clause 39.

Mr. Benidickson: Could the minister explain the reason for this amendment beyond the explanatory note to clause 39?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend is quite familiar with the provisions dealing with the tax on undistributed income on hand at the end of 1949. The new subsection permits a corporation which now has less undistributed income on hand than

it had at the end of 1949 to elect to pay the 15 per cent tax on the undistributed income now on hand.

Mr. Benidickson: Is there an amendment to this clause?

Mr. Fleming (Eglinton): It is to subsection 4. There is an amendment here which I shall ask my colleague the Solicitor General to move.

Mr. Balcer: I move that clause 39 be amended:

(a) by adding thereto, immediately after line 28 on page 29 thereof, the following:

'(5) Paragraphs (a) and (b) of subsection (3) of section 105 of the said Act are repealed and the following substituted therefor:

"(a) if the election was made under subsection (1) or (1a), the amount of the tax as estimated by the corporation in the election, and

(b) if the election was made under subsection (2), (2a), or (2b), the amount of the tax that the corporation elected to pay."'

(b) by striking out line 29 on page 29 thereof and substituting therefor the following:

'(6) Subsections (4) and (5) of section 105 of the said Act are'; and (c) by adding thereto, immediately after line 42 on page 29 thereof, the following:

'"(5) Where the estimated amount of tax under subsection (1) or (1a) that was paid with an election was in excess of or less than the amount payable under that subsection, tax shall be deemed to have been paid under this part on an amount equal to the lesser of

(a) 100/15 of the estimated amount of tax so paid, or

(b) the amount on which the corporation was entitled, at the time the election was made, to elect under subsection (1) or (1a), as the case may be, to be assessed and to pay tax."'

'(7) Subsections (7) and (8) of section 105 of the said Act are repealed and the following substituted therefor:

Payment of deficiency.

"(7) Where an election was made under subsection (1) or (1a), the corporation shall, within 30 days from the day of mailing of the notice of assessment, pay to the Receiver General of Canada an amount equal to the amount by which the tax payable exceeds the tax as estimated in the election, whether or not an objection to or an appeal from the assessment is outstanding, and shall, in addition, pay interest on that amount at 6 per cent per annum from the day of the election until the day of payment whether or not it was paid within the period of 30 days.

Time tax deemed to have been paid.

(8) Where the balance of the tax payable under subsection (1) or (1a) has been paid within 30 days of the day of mailing of the notice of assessment and interest, if any, payable under subsection (7) has also been paid within that time, the whole amount of the tax payable shall be deemed to have been paid under this part on the day of the election."'

Amendment agreed to.

Clause as amended agreed to.

On clause 40.

Mr. Fleming (Eglinton): There is an amendment to subsection 1. The amendment is to change the word "declaration" in line 6 to the word "payment". I ask my colleague the Solicitor General to move it.

Mr. Balcer: I so move.

Amendment agreed to.

Clause as amended agreed to.

On clause 41.

The Deputy Chairman: Shall subclause 1 of clause 41 carry?

Mr. Caron: On division.

Mr. Benidickson: I think someone has properly said "on division". There was considerable discussion of this subject at the resolution stage, and on another aspect of it we had a division in the house today. We, in the opposition group, feel very strongly about this. I feel that the Minister of National Revenue perhaps explained very well the reason for this amendment to the Income Tax Act. On page 2136 of *Hansard* for July 10, 1958, the Minister of National Revenue said this:

From what I have seen in my limited practice—

I assume he was speaking as a lawyer.

—and I am sure others in English-speaking provinces have seen it too, a husband will deed a property to his wife as joint tenant. Perhaps they build a home when the husband retires and they create a joint tenancy. Then the husband dies and in the course of events it is suddenly found that there is a gift tax because the property is owned by the husband and the wife had not put any money into it. Time and time again complications have arisen because of the gift tax and gift tax assessments. It is to avoid cases such as that that this section is designed. It refers to the home of the husband and wife.

We did debate this question fairly thoroughly at the resolution stage, and in deference to the committee I do not want to repeat what I said at that time. However, I feel that there is much lacking in the section as it is designed. This is indeed a very general practice with respect to home ownership. This proposes that only when a land title transaction has taken place in the 1958 taxation year or subsequently will anyone get any benefit from this provision. Because of the very thorough review that was given to this particular proposition on July 10 and July 11 in our debate, while I felt that not very many members of the government party, although it is very large, actually spoke formally here in this chamber. I must say frankly that I had hopes that in caucus or by the utilization of other means they would have impressed upon the Minister of Finance the desire to amend this particular section. I felt that the hon. member for Medicine Hat spoke in a clear way, as reported at page 2157 of *Hansard*, when he described the land titles holdings of this

nature with which most of us in Ontario and in western Canada are familiar. As to his part of the country he said:

> We have . . . adopted the practice of joint tenancies in that part of the country and we have found that the principle of joint tenancy is becoming more and more popular.

He went on to say that with respect to joint tenancy in Alberta, should the husband die within a few years after the establishment of a joint tenancy, if the widow had not contributed or could not prove that she had contributed in a direct monetary way to the acquisition of this joint property, she would be subject to an income tax claim because of the gift tax provision. The Minister of National Revenue, who knows about these things, indicated that this matter was being raised steadily in his department. He indicated to the house that he felt that this provision would avoid all that difficulty. With the limitation that the clause applies only to joint tenancies in 1958 and onward, I suggest to the committee that we are not correcting the situation which was described by the Minister of National Revenue.

I raised the question on the resolution stage first of all as to whether our taxpayers across the land are likely to know about this situation before they die. Then I raised the question as to whether those who do know something about it are going to be obliged to go through all the legal rigmarole to transfer the existing joint titles back to the ownership of the person who could prove that he alone had contributed to the acquisition of the property and then the further rigmarole of bringing that property back into joint ownership in order to take advantage of the provision of this act.

I am disappointed that among the amendments that are presented to us tonight and as they appear in *Votes and Proceedings* of yesterday there is not one that relates to this particular section. I think that those members who have spoken recognize the problem. I am disappointed particularly that the private members on the government side who are familiar with this situation, such as the hon. member for Medicine Hat and I think the hon. member for Bow River, who also spoke about the growing tendency of this form of ownership of the home residence between husbands and wives, have not been able to persuade the minister to change this provision.

The Deputy Chairman: Shall clause 41 carry?

An hon. Member: On division.

Clause agreed to on division.

Clauses 42 and 43 agreed to.

[Mr. Benidickson.]

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read a third time? By leave, now?

Mr. Chevrier: Next sitting of the house.

FINANCE

MOTION TO APPROVE EXPENDITURES AUTHORIZED BY SPECIAL WARRANTS

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to approve certain expenditures authorized in respect of the fiscal year ended on March 31, 1958, including those provided for by the special warrants issued by the governor general pursuant to orders of the governor in council of August 16, 1957 (P.C. 1957-1111), August 19, 1957 (P.C. 1957-1134) and February 7, 1958 (P.C. 1958-222), but not including the expenditures authorized by appropriation acts for that fiscal year; and to authorize the application of certain amounts in the accounts of the said fiscal year.

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

Mr. Fleming (Eglinton): Mr. Chairman, this resolution contemplates the introduction of a bill which will be the final appropriation act for the fiscal year 1957-58. Today I tabled the report on supply for the fiscal year ended March 31, 1958. In that document we have set forth in great detail the position with respect to supply for the fiscal year ended March 31, 1958. If hon. members will have regard to that document, perhaps I can briefly use it as the basis for my remarks now.

Hon. members will see in the summary on the inside of the cover of the document that the total amount of all items which required to be voted—that is to say, excluding the items that we call the statutory items—amounted to $3,650,734,476. That is the amount left that required to be voted. It leaves out the statutory items in the estimates, the supplementary estimates and the further supplementary estimates (1) and (2), and also omits five items introduced by the former government in the spring of 1957 which were given continuing effect for the balance of the fiscal year. They are items 663, 664, 665, 666 and 667, and they are the ones which related to an increase in social security payments. By the form in which they were submitted in the supplementary estimates they were given effect, when adopted, for the full fiscal year.

Then there were two governor general's warrants to which reference was made earlier today which were passed in August, 1957,

one pertaining to assistance for the Hungarian refugees and the other to increased payments to veterans.

We also have to take into account the fact that both parliaments which sat in the fiscal year 1957-58 passed a number of interim supply measures. They are referred to in the same summary under the six appropriation acts which are enumerated.

What we have done in preparing this report on supply is therefore to take the estimates as tabled in the house, excluding statutory items, that is to say, all other estimates whether in the original estimates or the supplementary estimates or the further supplementary estimates No. 1 or the further supplementary estimates No. 2, and those are shown running through the entire document in the aggregate sum of $3,650,734,476.

In the next four columns we have shown how the supply was provided to meet each of these items. In the first of the four columns we show the amounts which were authorized in the various appropriation acts of which I have indicated there were six. The second column indicates the amount authorized by governor general's warrants with respect to each of these items. The third column lists eleven items which are of what is known as a transfer nature. These are items which represent moneys expended for which it is now necessary to provide, by transfer, for charging to another account. In the fourth column we have the total. There is a final column at the right-hand side of the page which accounts for the difference. In other words, it indicates the reductions made by the governor general in council except where indicated.

That brings me back, Mr. Chairman, to a comment upon the figures. Hon. members will see in the summary a figure of $114,065,172, which is the total of two reductions. They are composed in the first place of items 180, 184 and 399, and in the second place, of reductions effected by the governor general in council prior to the issuance of special warrants on February 7 by which supply was provided for the balance of the fiscal year to March 31, after the dissolution which occurred on February 1.

Those who sat in the last parliament will recall that reductions were made on three items in the estimates of the Minister of Justice, namely 180, 184 and 399 in the committee of supply.

As to the item aggregating $112,795,172, representing reductions effected by the governor general in council, I would like the committee to have this explanation. The final column of the report shows in its aggregate form on page 69 a figure of $109,420,117. The difference between that figure and the figure of $114,065,172 represents the aggregate of the two figures—

Mr. Benidickson: Would the minister permit a question?

Mr. Fleming (Eglinton): May I finish—the decreases of $2,728,000 which appears in the summary and $1,917,055, which also appears in the summary. If hon. members have had a little difficulty in following these figures, I think if they look at the record in the morning they will be quite clear.

What the house is asked to do is to approve the supply which was released, whether in the form of appropriations made by the house or appropriations made by governor general's warrants. In the second place, the house is asked to approve eleven transfer items aggregating $110,042,595. The house is not asked to approve the actual expenditure as such.

The public accounts committee at the 1959 session of parliament will have its full rights with respect to all expenditures made in the fiscal year 1957-58 as audited by the Auditor General as they have with respect to expenditures made in any fiscal year. There will be the full right of review of all expenditures.

This statement, with the assistance of the report on supply which I have given will, I think, give complete information as to the three governor general's warrants and as to how the money appropriated by those three warrants was applied. This gives the government an opportunity to fulfil the undertakings which were given to the house by the Prime Minister and also by myself at the opening of the present session and also by the Prime Minister during the election campaign that a full accounting would be made to the house with respect to those appropriations made by governor general's warrants and that the house would have a full opportunity of reviewing all sums released to the government by way of supply, whether by appropriation bill or by governor general's warrant.

Mr. Benidickson: Mr. Chairman, I realize we are approaching the time for adjournment, but I just want to say, as I said this morning, that this very extensive document of some 69 pages was made available to us only after the opening of today's session. In summary, it indicates something which I do not think had been previously drawn to our attention, namely that there were items of supply not yet authorized amounting to $110 million-odd. Then there is a column of the difference relating to reductions by the governor general in council, except where indicated, which—as the minister has outlined—amounts to $109 million. The previous item—

Mr. Fleming (Eglinton): Will my hon. friend permit me to interrupt? He is taking a wrong figure there. The reductions that were made aggregate the figure of $114,065,172.

Mr. Benidickson: Where is that produced in our summary?

Mr. Fleming (Eglinton): That is composed of two figures. One is the figure of $73.6 million which represents savings effected in budget items and the other is an amount of $40.5 million represented by savings from loans. If my hon. friend will follow the statement I made he will see how the figure of $114,065,172 which represents reductions made by the governor in council is reconciled with the total in the final column of $109,420,117.

Mr. Benidickson: I simply want to say that I quite understand that the item of $114,065,172 appears on page 2 of the summary. The figures I referred to in my remarks before I was interrupted were the final totals on page 69 of this long document that became available only this morning. With respect to supply I referred to items not yet authorized of $110,042,599 and then in the final column to the right of the document that all hon. members now have available to them, but as I said rather late, there is a figure $109 million.

Some hon. Members: Ten o'clock.

Mr. Benidickson: I realize it is ten o'clock and I appreciate the indulgence of the committee. May I move the adjournment of the debate now simply by saying this. On page 69 of the document which reached us only this morning many figures are to be found. As everybody knows I was personally engaged in debate all day today and have not had an adequate opportunity to study the details of the report. I feel it is adequate in its detail but I do complain now as I did this morning that its delivery was rather late.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire what the business is for tomorrow and Thursday?

Mr. Green: Mr. Speaker, tomorrow we shall commence with two third readings, one the act to amend the Customs Tariff and the other the act to amend the Income Tax Act; then we shall continue with this debate which was under way at ten o'clock and then take supply, the departments of mines and technical surveys, fisheries and national health and welfare.

On Thursday we plan to commence with the estimates which are described as privy council. That includes the federal district commission, I believe. Hon. members should also be prepared to take citizenship and immigration, national revenue and finance.

Mr. Chevrier: Mr. Speaker, I wonder if I could get some indication from the house leader concerning what we likely would be considering on Monday?

Mr. Monteith (Perth): We won't be here.

Mr. Pickersgill: Another dissolution?

Mr. Argue: That is quite possible.

Mr. Green: We will be taking legislation on Monday but at the moment I cannot say what particular items will be called.

It being seven minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWERS TO QUESTIONS

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

L'ANSE-AUX-CANARDS WHARF, GASPE COUNTY, QUEBEC

Question No. 185—**Mr. Cardin:**

1. From January 1, 1958 to date, were repairs made to the wharf on the rivière de L'Anse-aux-Canards at Newport Point in the county of Gaspe? If so, of what nature?
2. What was the cost of the repairs?
3. Who was the foreman in charge?
4. What are the names of the persons employed on this work and the amount paid to each?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes. Reballasting and renewing flooring and stringers over a 30 foot section of a crib-work structure.
2. Estimated total expenditure—$1,418.11.
3. Vital Blais, Newport Point.
4.

Names of persons employed	Amount paid to Aug. 13, 1958
Vital Blais	$129.20
Joseph E. Albert	111.32
Raoul Gionet	48.60
Albert Blais	76.84
Alfred Blais	76.84
Isidore Blais	48.60
Joseph Chouinard	48.60
Harry Blais	76.84
Albert Duguay	32.48
Georges Giroux	32.48
Rheal Cyr	32.48

Questions

HOUSING PROJECTS, NORTHERN ONTARIO

Question No. 187—**Mr. Fisher:**

1. How many homes have been built, or the building arranged for, under the National Housing Act, since June, 1957, in Fort William, Port Arthur, Nipigon, Beardmore, Geraldton, Longlac, Nakina, Hornepayne, Schreiber, White River, Manitouwadge, Pickle Crow, Cameron Falls, and Marathon?
2. What is the total value of the housing for each place in this period, and what is the amount of the loans for each place approved by Central Mortgage and Housing Corporation, and provided by either Central Mortgage and Housing Corporation or private institutions?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1 and 2:

N.H.A. LENDING ACTIVITY, JUNE 1957 TO JUNE 1958 INCLUSIVE

Locality	Units	Total value	Amount of loan
Beardmore	...	.....	.....
Cameron Falls	...	.....	.....
Fort William	427	4,639,874.	4,119,493.
Geraldton	...	.....	.....
Hornepayne	...	.....	.....
Longlac	...	.....	.....
Manitouwadge	1	12,000.	11,016.
Marathon	1	11,100.	10,150.
Nakina	...	.....	.....
Nipigon	2	25,000.	21,879.
Pickle Crow	...	.....	.....
Port Arthur	165	2,199,386.	1,876,413.
Schreiber	...	.....	.....
White River	...	.....	.....
	596	$6,887,360.	$6,038,951.

HOUSE OF COMMONS

Wednesday, August 20, 1958

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

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

EXTERNAL AFFAIRS—SECOND REPORT OF STANDING COMMITTEE

Mr. H. O. White (Middlesex East): Mr. Speaker, I have the honour to present the second report of the standing committee on external affairs. I regret the apparent shortage of blue ribbon.

Mr. Winch: It is a very good colour you have there.

BRIDGES

NEW BRUNSWICK-MAINE—AUTHORITY TO CONSTRUCT

Hon. Howard C. Green (Minister of Public Works) moved for leave to introduce Bill No. C-56, to authorize the construction of a bridge across Lubec channel between the province of New Brunswick and the state of Maine.

Motion agreed to and bill read the first time.

STARRED QUESTIONS

GEORGE P. LEBLANC-ALEX P. BOUDREAU

Question No. 33—**Mr. Pickersgill:**

1. Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton Highlands national park effective June 10, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

Hon. D. S. Harkness (Minister of Agriculture): Stand.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether there is any hope of getting this question answered this session.

Mr. Harkness: Mr. Speaker, I have not got the answer to the question, and in the absence of the Minister of Northern Affairs and National Resources I do not think there is anything we can do except have it stand.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

R. K. SMITH

Question No. 173—**Mr. Robichaud:**

1. Has Mr. R. K. Smith, since retiring from the chairmanship of the national harbours board, been employed by any government department?
2. If so, (a) what departments; (b) in what capacity; (c) for how long; (d) at what remuneration?
3. Is he presently employed by the government? If so, in what capacity and at what remuneration?
4. On what date did he retire from the national harbours board, and what is the amount of his pension?

HANGARS AND AIRPORT BUILDINGS, MONT JOLI, QUEBEC

Question No. 190—**Mr. Bourget:**

1. Did the crown assets corporation invite tenders for the demolition or purchase of hangars and airport buildings at the Mont Joli airport?
2. If so, who submitted tenders and what was the amount of each tender?
3. Was a contract awarded? If so, to whom, and what are the terms and conditions?
4. Were any employees of the department dismissed as a result of this action? If so, how many?
5. Were these facilities being used by civilian aviation companies or the Royal Canadian Air Force?
6. What provisions have been made to service civilian aircraft at the Mont Joli airport?

MOTIONS FOR PAPERS

RESOURCE ROADS PROGRAM, ONTARIO

Motion No. 15—**Mr. Benidickson:**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

Hon. D. S. Harkness (Minister of Agriculture): I wonder whether, in the absence of the minister, this motion could stand.

Mr. Benidickson: Stand.

Motion stands.

CENTRAL MORTGAGE AND HOUSING—SMALL HOUSE PLANS

Motion No. 35—**Mr. Fisher:**

For a copy of plans and specifications of the houses within the $5,000-$8,000 range approved by Central Mortgage and Housing Corporation for building in rural areas and small communities.

He said: Mr. Speaker, I should like to withdraw this motion. The information is not available, and I have been given the

assurance that I can have it when it does become available.

Order discharged and motion withdrawn.

ST. LAWRENCE SEAWAY

INQUIRY AS TO NAMING OF NEW LAKE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the genial Minister of Mines and Technical Surveys. In view of the press dispatch in this morning's *Globe and Mail* headed "Ottawa Puzzled As U.S. Names Seaway Lake", would the minister inform the house as to what action our puzzled government intends to take with respect to this puzzling, premature and provocative announcement by the United States board of geographical names?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, may I say right away that there is no puzzlement on the part of the government. I thank the hon. member for Kootenay West for giving me notice of this question. The name "St. Lawrence lake" was chosen by the Canadian board of geographical names at its meeting on June 5 last. Then the Canadian board wrote to its United States counterpart, the United States board of geographical names, to seek its concurrence in this appellation. A letter dated August 14 has just been received by our Canadian board of geographical names indicating the United States board's concurrence in Canada's suggestion of "lake St. Lawrence".

VETERANS AFFAIRS

ANNOUNCEMENT OF INCREASE IN COMFORTS ALLOWANCE

On the orders of the day:

Mr. E. L. Morris (Halifax): I should like to ask the Minister of Veterans Affairs whether he is now in a position to make an announcement about the comforts allowance for veterans in veterans hospitals, and especially domiciliary care?

Hon. A. J. Brooks (Minister of Veterans Affairs): I thank the hon. member for Halifax for giving me notice of this question. I am pleased to inform my hon. friend that the comforts allowance has been increased from $7 to $10 a month, effective from August 1, 1958. This was authorized by order in council 1958-1157 amending section 37 of the veterans treatment regulations.

[Mr. Fisher.]

PRIVILEGE

MR. MACLEAN, WINNIPEG NORTH CENTRE—STATEMENT ON ELECTION EXPENSES

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): I rise on a question of privilege, Mr. Speaker. On August 12 the under secretary of state, in accordance with an order of this house, tabled the total election expenses on behalf of each candidate by constituency in the general election of March 31, 1958. With regard to the constituency of Winnipeg North Centre, which I represent, my total election expenses were shown in the amount of $10,680. Subsequent to the tabling of this information in the house a Canadian Press report appeared in many of the newspapers in this country carrying this information, and in particular it was published in the Winnipeg *Tribune* on Thursday, August 14, under the headline "$10,680 to defeat Knowles".

This figure is totally incorrect. My official agent informs me that in accordance with section 63 of the Canada Elections Act he filed a summary of the return of election expenses on behalf of myself with the returning officer for Winnipeg North Centre, which summary of election expenses was published in accordance with subsection 5 of section 63 of the Canada Elections Act, and which shows the total amount of my election expenses for the March 31 general election to be in the amount of $5,409.42. I have informed the under secretary of state of this error, and he is looking into the matter.

CUSTOMS TARIFF

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of Bill No. C-50, to amend the Customs Tariff.

Mr. Erhart Regier (Burnaby-Coquitlam): We do not like certain aspects of this bill, Mr. Speaker. It is for this reason I propose to move an amendment to third reading. We realize that today some countries, notably the United States, appear to have surpluses as we do in Canada. We have noted that the western world has gone through similar situations in years gone by. We consistently have in mind the years beginning with 1928, 1929 and all the 1930's. We note that at that time the wealthier, more self-sufficient countries of the world such as the United States and Canada thought the answer to their problem was to raise and to continue raising tariff walls, thereby hoping to provide employment within the borders of their own countries.

Mr. Speaker, we saw how disastrous at that time that policy was. We saw that higher tariffs led to retaliation and to a limitation of world trade. We feel that for the solution to our economic difficulties and in order to provide full employment in Canada we need more and not less international trade. This bill in certain aspects calls for the raising of tariff walls. We feel that the Canadian people at this time should definitely turn their backs on the old and discredited remedy of tariffs. It is for that purpose that I now move, seconded by the hon. member for Vancouver East (Mr. Winch):

That Bill No. C-50 be not now read a third time but that it be referred back to the committee of the whole with instruction that they reconsider tariff item 554b of part IV of schedule A.

That particular part of the act which we feel should be reconsidered by the committee of the whole, or that particular section, calls for a higher tariff on imports of wool into Canada. We feel that the expressions of opinion the Conservative party gave to the Canadian people at election time, namely that it was in favour of increased trade with the commonwealth, could best be exemplified by lowering tariffs on goods coming to us from the United Kingdom. We feel that this is a reversal of the policy enunciated by the Conservative party in raising tariffs against imports from our best customer for many of our important products. We feel that raising tariff on any imports from the United Kingdom at this time will do a great deal of harm to the negotiations that are supposed to take place in Canada this fall—next month, I believe—among the commonwealth nations.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I do not want to speak at any length with respect to this amendment. It deals with only one item of the many in the tariff schedule. Our position was very clearly stated in previous stages of the debate. We had a division in the house on this matter at one of the earlier stages. This group is in favour of the amendment.

Mr. Fleming (Eglinton): Mr. Speaker, this subject has already been discussed on several occasions, and I am sure there is no reason now for an extended debate upon it. I simply rise to deal very briefly with the assertions made by the mover of this amendment, which continue to misrepresent the nature of Bill No. C-50 which is now presented to the house for third reading.

He has said that this bill represents a policy of high tariffs. That statement has no foundation, and to make it is to misrepresent the facts. The house has already been given the facts on several occasions during the course of this session, first on June 17 in the budget speech, next when the resolution upon which the present bill is founded was before the committee of ways and means, and again in the earlier stages of the bill itself. The fact is that with respect to numerous items of the tariff, those with respect to zinc and zinc products, iron and steel and pipes and tubes, what is submitted to the house is a series of items many of which involve increases and many of which involve decreases in the existing tariff rates.

What has been submitted to the house in that respect represents the results of studies conducted by the tariff board on references directed to it by the former administration and recommendations which have the effect of reviewing items which have been in the tariff for many years, some of which have not been reviewed or studied for something like 30 years and which were badly in need of modernization. In the result, the tariff board has made recommendations which modernize the tariff and which rewrite sections and consolidate other sections. Therefore to say that the result of these items now submitted to the house is a return to high tariffs is to misrepresent the facts.

In the second place, this is pictured by the mover of this amendment as a policy of opposition to extended world trade, which is also a misrepresentation of the facts. This government has indicated its deep concern over the enlargement of world trade, and the policies which have been followed by the government and which have been offered to the house have been policies designed to increase Canada's trade. Canada's export trade has in fact increased since this government came to office.

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): The measure through which most of the world trade in which Canada is engaged today is carried out is the general agreement on tariffs and trade, and with respect to these items I have mentioned, of which there are a great many in the bill now before us, we have followed to the letter the procedures laid down by GATT. What has been submitted to this house is the result of following the procedures laid down under GATT—

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. It appears to me from my reading of the amendment that it refers to the reconsideration of a single clause in the bill of which third reading has now been moved. It therefore seems to me that this general speech on GATT and other matters such as the increase in our exports which is now being given by the Minister of Finance is wholly out of order.

Mr. Speaker: I had the same thought myself, but the fact that the mover of the amendment dealt with these broader matters before he moved this amendment rather opened the door, and I thought the most expeditious way of dealing with the matter was to allow the minister to speak now rather than to wait until the amendment had been disposed of.

However, it is quite true that we have a specific amendment before us and perhaps it should be disposed of on its own merits.

Mr. Fleming (Eglinton): It was the fact that the mover sought to make some general assertions before he introduced his amendment that led me to make the remarks I did, because his general assertions were a misrepresentation of the facts.

I have pointed out that we have followed strictly the provisions of GATT, and I have pointed out on earlier occasions that in our negotiations with the United States we came back with a package deal and that no increase in United States tariffs, no change in United States tariffs, is involved. The only change is in the Canadian tariffs, some by way of increase and some by way of decrease. As I have pointed out with respect to the recommendations of the tariff board itself, in submitting to the house resolutions based upon them, we have recommended more decreases than increases.

Mr. Speaker: I hope the minister will not persist in this line, because it is only relevant after the amendment has been disposed of. He will be able to deal again on third reading with the matters he is now discussing.

Mr. Fleming (Eglinton): Mr. Speaker, the final observation made by the hon. member for Burnaby-Coquitlam was that this was going to prejudice the forthcoming commonwealth trade and economic conference. There is no foundation whatever for that statement, none whatever. Preparations for that conference are going forward now, and we will certainly do everything that can be done to make that conference effective for its purpose.

Finally, as to the specific item referred to in the amendment, we have discussed that on various occasions already and I am sure nothing useful can be added. We had an extended debate on that specific matter in the committee of ways and means at the resolution stage, and I do not think I can add anything useful to what I said on that occasion. I trust that this amendment, based upon entirely false premises, based upon a misrepresentation of the facts and of the policy of the government, will be soundly defeated.

[Mr. Pickersgill.]

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I had not intended to say anything on this matter, but the speech made by the minister which deals with so many important matters not relevant to this particular amendment makes it necessary for me to say a few words on the amendment. If I attempted to discuss generally the action the government has taken on tariffs I would, of course, be out of order as the Minister of Finance was out of order.

I will merely refer to page 1247 of *Hansard,* when in his own budget speech, mentioning the iron and steel duties which are very important elements in the tariff structure, the minister himself said:

> A major result of these changes will be to make more effective the protection which it affords to Canadian producers.

Those words speak for themselves.

The minister said that as far as this particular item is concerned it will not prejudice in any way the forthcoming economic conference. I do not know how the minister can tell us that; I do not know on what evidence he can base a statement of that kind in connection with a conference which has not yet taken place and whose agenda we do not know. But if he has taken that position it is diametrically opposed to that taken by the wool exporters of the United Kingdom who, I submit, should be the best judges of their own interest and the best spokesmen with regard to the influence of this action on the forthcoming conference. I have already cited evidence to show that they have strongly objected to this increase in the wool duty and are worried about the effect it will have on the forthcoming conference. If the minister is not worried, they are.

We have opposed this item because it will not do anything effective, as the minister himself has admitted, to help the wool industry of this country.

Mr. Fleming (Eglinton): That is not true.

Mr. Pearson: It possibly will give them a fighting chance. I believe those are the words used. That is all. But while it is not designed to give the wool industry an assurance of a profitable life in this country, it is designed to create indignation and uncertainty in the United Kingdom on the eve of this conference.

It is also an item designed to increase the duties against British woollens but not to touch the duties on woollens from countries, apart from the United Kingdom, whose exports of this product to this country are increasing.

As I have said before, Mr. Speaker, this item will not accomplish any good purpose. It will do some harm; it will do little if any

good, and for that reason we have opposed it in previous discussions of the subject, and also for that reason, as my hon. friend from Kenora-Rainy River has pointed out, we will support this amendment.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, any move by any government generally to increase trade barriers is one that should be opposed. Without question, in spite of the comments of the Minister of Finance, the fact remains that this is a serious increase in tariffs against woollen goods coming to Canada from commonwealth countries.

In taking part in any debate in this house the minister seems to use words which are not very often used by many members in the house, particularly when he himself is short of any real substance for his arguments. He says the speeches that have been delivered, or the speech that was delivered by the hon. member for Burnaby-Coquitlam was based on false premises, was a misrepresentation of the facts and so on. It would have been much more in keeping with sound argument for the minister to have dealt with this particular item itself.

This is an increase in the barriers against British woollen goods coming to Canada; this is a return to the policy of former Tory governments of increasing tariffs generally. This move is ill-timed; and for the minister to say that it is without foundation to contend that it will have a damaging effect on the commonwealth conference is to show that the minister has not followed the reaction in the United Kingdom, which was a very strong and very definite reaction against what Canada was doing. It expressed keen disappointment and concern that this would make positive results from the forthcoming economic conference more and more difficult.

While there has not been the kind of progress that we would like to see toward removal of trade barriers over the years, nevertheless since the end of the war there has been a very gradual whittling down of tariff barriers. That has gone on until the present action of this government, and we now see that trend being reversed. We see it being reversed in a very disturbing manner as far as this item is concerned. This is not a general increase in tariffs against every country in the world; it is an anti-commonwealth move. This is a move directed against the United Kingdom; and it ill-behooves the Conservative party of all parties, I would suggest, to make any such change in tariffs.

This is the true line of the Conservative party; it is the historic line. It means that the Conservative party is reverting to its historic policies and its historic role. But I would suggest that the majority of members of the Conservative party in this house, as well as the members on the opposition side of the house, did not campaign on a policy to increase tariffs, much less to increase tariffs against British goods. I express the hope at this time, Mr. Speaker, that we shall have some independence amongst the Conservative members; that we shall see evidence indicating that at least a few members, perhaps just a handful but at least a handful, will stand up and vote in the interest of lower trade barriers and against a move to increase trade barriers.

If there was one major thing that happened to the Liberal party to bring about its defeat it was the general practice that no matter what the government did, no matter how bad any move the government might make might be, their members always supported the government; there was no independent voice or independent action in their ranks. I express the hope this morning that in the ranks of the Conservative party we shall see some votes in the interest of freer trade and against this return to Tory protection.

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

YEAS

Messrs:

Argue	Herridge
Badanai	Houck
Batten	Lessard
Benidickson	Loiselle
Boivin	McIlraith
Bourget	McWilliam
Bourque	Martin (Timmins)
Cardin	Meunier
Caron	Pearson
Carter	Peters
Chevrier	Pickersgill
Crestohl	Racine
Deschatelets	Ratelle
Dumas	Regier
Fisher	Richard (Ottawa East)
Forgie	Richard (St. Maurice-Lafleche)
Garland	Roberge
Godin	Robichaud
Granger	Tucker
Habel	Winch—41.
Hardie	

NAYS

Messrs:

Aitken, Miss	Bourbonnais
Allard	Brooks
Anderson	Browne (St.John's West)
Asselin	Browne (Vancouver-Kingsway)
Balcer	Bruchesi
Barrington	Brunsden
Baskin	Campbell (Lambton-Kent)
Beech	Campeau
Bell (Saint John-Albert)	Cardiff
Belzile	Cathers
Best	
Bissonnette	

Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Dorion
Doucett
Drysdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fraser
Frechette
Grafftey
Green
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hanbidge
Harkness
Henderson
Hodgson
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Keays
Kennedy
Korchinski
Lafreniere
LaRue
Legere
Lennard
Letourneau
Macdonald
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
MacRae
McBain
McCleave
McGee
McGrath
McGregor
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Martel
Martineau
Milligan
Monteith (Perth)
Monteith (Verdun)
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Leary
Pascoe
Paul
Pearkes
Phillips
Pigeon
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Robinson
Rompre
Rowe
Rynard
Simpson
Skoreyko
Smith (Winnipeg North)
Southam
Spencer
Stanton
Starr
Stefanson
Stewart
Stinson
Tasse
Thomas
Thrasher
Tremblay
Valade
Villeneuve
Walker
Webster
Weichel
White
Winkler
Wratten
Yacula—141.

Mr. Speaker: The question is on the main motion. Shall the main motion carry?

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

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of Bill No. C-39, to amend the Income Tax Act.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, while the amendments which have been brought forward admittedly contain some excellent features which we can readily approve, I nevertheless wish to rise at this time to say that we are sorry that clause 41 does not allow married women in Quebec to benefit from the proposed legislation.

The matter has been rather thoroughly dealt with during the debate. In fact, an amendment has been made. However, when it is claimed that our Quebec civil code makes it impossible for the matter to be settled, I must express reservations on that score. I know that, if we were to examine our statutes, we would see that they make provision for a great many exceptions. In fact this is the case of approximately half our laws. As we have found, this is a pretty general situation. That is why I claim that, at least in this instance, an exception could have been made in respect of gifts made under the provisions of a marriage contract so that, in so far as Quebec is concerned, such gifts could have been considered for the purposes of the act, as gifts made subsequent to the solemnization of the marriage. However, as the minister objects, and because we sincerely regret that this legislation will be of no advantage whatever to the married women of Quebec—if not to all, at least to the great majority of them—may I merely be allowed, without further elaboration, to go on record once again as opposing the passage of this bill, at least on division.

Mr. Noel Dorion (Bellechasse): Mr. Speaker, it is, to my mind, impossible even for a moment to question the convictions of the hon. members from the province of Quebec and the motives behind their attitude. The problem just raised by the hon. member for Hull (Mr. Caron) came up previously at the resolution stage. And if one refers to the official record, it will be seen that hon. members—and in particular, the hon. member for Hull, who today is opposed to the bill because section 41 would put the province of Quebec in a deplorable position—all admitted, some implicitly and others explicitly,—that any change of the provision as drafted might be construed as an intrusion upon the powers specifically attributed to the provinces and especially to the province of Quebec.

Indeed, when the time came for these people to find a legal and constitutional way of by-passing the provisions of the civil code of the province of Quebec, none of them was able to suggest the phraseology for such an amendment.

Mr. Speaker, I said at the resolution stage and I now repeat that the section in its present form does not constitute in any way an injustice for the province of Quebec. It is not discriminatory. Moreover, we are here,

in this parliament of Canada, to legislate for the whole country and we have no mandate to legislate solely for one particular area.

I apologize for repeating what I have already said, but there is nothing, absolutely nothing, to prevent the province of Quebec from taking advantage, as early as next fall, of the provision now under discussion, if it wishes to do so. To that end, the government of the province of Quebec, whose exclusive right it is to amend its own civil code, merely has to act in such a way that advantage may be taken of the provision which has been recognized by all our friends of the opposition as eminently social and capable of safeguarding the security of our homes.

May I be permitted, Mr. Speaker, simply to quote here...

Mr. Caron: Would the hon. member allow me a question?

Mr. Dorion: Certainly.

Mr. Caron: Is it not a fact that, in the province of Quebec, lawyers are quite reluctant to tamper with the civil code?

Mr. Dorion: That is correct. In fact, the question raised by the hon. member for Hull provides me with a new argument. While lawyers in the province of Quebec are reluctant to amend the civil code, it is suggested that we, the parliament of Canada, be called upon to do so. What inconsistency! It is an inconsistency dictated by the urges to turn into a purely political question a matter which should remain above politics!

Everyone agrees in the province of Quebec that the civil code has been for us a means of survival; it has been a most vital structure, one within whose framework our racial group has been able to develop.

Well, it is now suggested that the parliament of Canada should tamper with it, in spite of the fact that our lawyers, and in this regard our people themselves, are unanimous in their claim that it comes within the exclusive jurisdiction of the province of Quebec, that we alone can amend it whenever we see it, according to our needs and in the sense and spirit which so far have guaranteed its survival.

Mr. Speaker, I would merely like to recall a few remarks made during the discussion of the budget resolutions on July 11. I would refer hon. members more particularly to those made by the hon. member for Cartier (Mr. Crestohl) who said:

(Text):

I do not think there is any issue between the opposition and the government on the principle which they are attempting to establish.

(Translation):

While this was what was being said with regard to a discussion of budget resolutions, it was suggested yesterday that this bill be given a six months' hoist.

(Text):

We are only concerned as to whether or not this principle covers the province of Quebec as clearly and as adequately as it covers the rest of the country.

The presentation by the hon. member for Bellechasse is quite clear. But even so he suggests, and I say this with great respect, that if the legislature of Quebec would amend article 1265 of the civil code the problem would be solved. Since we do not know what the Quebec legislature will do now, when we are debating this legislation, we might not be giving the benefits which are intended by this legislation to the province of Quebec. I was wondering whether we could not suggest an amendment in some form which would cover the situation.

(Translation):

Consequently, it is clear that the hon. member readily recognized that this problem was one whose solution rested with the province of Quebec. Now, it is precisely because we are here to ensure respect for this spirit of the constitution, and maintenance of provincial responsibilities, that we have refused to play into the hands of hon. gentlemen opposite, whose purpose is counter to the spirit or the letter of the constitution.

Mr. Caron: Would the hon. member permit another question.

Mr. Dorion: Certainly.

Mr. Caron: Does the hon. member feel that if my suggestion had been accepted that an exception be made in the case of gifts made under a marriage contract, that if those gifts had been considered at the time as gifts made between husband and wife, it would have affected the constitutional aspect of the problem?

Mr. Dorion: Mr. Speaker, I am sorry, but I do not quite understand what the hon. member means.

Mr. Caron: If you will allow me Mr. Speaker, I will repeat my question. We are now discussing about gifts as between spouses. When a gift is made through a marriage contract before the marriage takes place, the parties are not spouses under the law. If gifts conveyed by marriage contract were considered as gifts between spouses, would the exemption I have suggested constitute any encroachment upon the constitutional rights of the province of Quebec?

An hon. Member: This is already recognized.

Mr. Dorion: Mr. Speaker I am sorry but I am not in the habit of giving off-hand answers to questions of such potential importance as this one. However, on the face of it, I believe it is outside our scope to qualify actions which do not lie within our jurisdiction or consider them under a different legal aspect than the one they actually cover. It would be an intrusion in a field outside our jurisdiction. Anyway, I confess that I do not fully understand the position taken by my good friend from Hull.

If an amendment had been moved we would have been able to consider it, to weigh its intrinsic value and perhaps deal with it but no such amendment was moved. I presume and I have reason to believe that no amendment was moved because it was felt that in venturing to move one, it meant doing something which went beyond the powers of the parliament of Canada.

Mr. Speaker, I would now like to quote the words of the hon. member for Megantic (Mr. Roberge), as taken from page 3 of the translation of the French original in *Hansard* of July 11, 1958:

> Mr. Chairman, I have followed with much interest the statement made by the hon. member for Bellechasse (Mr. Dorion). I agree with him that the easiest way to reach the desired objective would be to amend the civil code. I also recognize that it is not within the powers of this government to amend the civil code or to ask the government of the province of Quebec to do so.
>
> However, I wonder if there is any other way open to us. I would not like the Minister of Finance (Mr. Fleming) or the government to take my remarks or those of my colleagues as criticisms. We are just endeavouring together to find a compromise so that spouses living in the province of Quebec can also benefit from that $10,000 exemption.

At that time, there was no opposition to the bill but it was proposed yesterday to give it the six months' hoist. At that time, at the resolution stage, our friends opposite were quite ready to approve of the principles of the bill, but yesterday they attempted to delay its adoption.

It is clear that, in the meantime, they told themselves "That might be a good way to embarrass people in the province of Quebec. Why not try it?" And that is what they tried to do. What they were concerned about yesterday was not the interest of the French-Canadian family, or those of the province of Quebec, but what they fancied to be the interests of the Liberal party.

[Mr. Caron.]

Well, Mr. Speaker, we will soon have an opportunity to meet them in the constituency of Montmagny-L'Islet and to thrash this out. We will then see what people think of this dragging down of sacred principles to the level of political considerations. I am convinced—

(Text):

Mr. Speaker: Order. I do not want to limit the hon. member unnecessarily but it seems to me that he is straying a bit from the confines of this bill. We are debating the third reading of the bill and it is relevant only to discuss matters within the bill.

(Translation):

Mr. Adrien Meunier (Papineau): Mr. Speaker, I should like to reply—

Mr. Dorion: Mr. Speaker, I just wish to sum up.

Firstly, the principle has been definitely and clearly accepted by the opposition.

Secondly, it has been definitely and clearly established that if the province of Quebec wants to benefit from this bill, it is up to her to amend certain provisions of the civil code.

Thirdly, the mere wish to change the meaning of a section of the civil code, directly or indirectly, would actually constitute an infringement upon a field which does not come under the jurisdiction of the federal parliament, upon a field where the province of Quebec is rightly jealous of her rights.

That is why we favour the bill in its present form; in our opinion, section 41 should be adopted in its present form.

Let our hon. friends opposite have no fear; before long, I am fully convinced that the province of Quebec, like all the others, will take advantage of this bill. Besides is it not urgent that we adopt the bill as is? Indeed, it is not only the matter of donation from husband to wife that is involved. There is the donation of the farm from father to son, a time-honoured practice in the province of Quebec, whereby the head of the family, while still in good health, bequeaths the ancestral farm to his son.

In my opinion, delaying the passing of this provision would mean that tomorrow, in most farm homes of the province of Quebec, heads of families and their sons could not take advantage of a measure for which we are indebted today to the present government and for which I also wish to commend and thank the government.

Mr. Adrien Meunier (Papineau): Mr. Speaker, I have followed with a great deal of interest the points made by the hon. member for Bellechasse (Mr. Dorion).

I must say to him, at the outset, that we are by no means opposing the legislation in so far as it provides for an exemption in regard to the setting up of the son on the family acres. Indeed, we all recognize that this measure brought forward at this time by the government is extremely sound and we are all for it.

Now, when the hon. member for Bellechasse (Mr. Dorion) enphasized that parliament had no right to amend the Quebec civil code, we share his views and the federal government cannot legislate in the matter. However, until the situation was clarified, the hon. member for Hull (Mr. Caron) wanted to submit that payment made by a husband to his wife under their marriage contract when the husband wants his wife to benefit, be considered as a gift. That is what the hon. member for Hull meant.

Mr. Dorion: Will the hon. member allow me to ask him a question?

Mr. Meunier: Yes.

Mr. Dorion: Does the hon. member know that any donation under a marriage contract may be sometimes considered as a gift in case of death? It all depends on the way the gift is made. Precisely because of the complicated phraseology of a marriage contract, could not the house possibly find some solution in this matter?

Mr. Meunier: I shall answer my hon. friend right away. I recognize that, in the province of Quebec, a sale or gift between husband and wife is prohibited. But there are exceptions. When, for instance, the husband makes a matrimonial gift to, or confers some benefit upon his wife under the contract, he has the right to draw up a written instrument explaining his motive. There is also the case when the husband pays his wife for reserved assets; if he lists in the contract the reasons for the sale, he is entitled to do so. Those are the three exceptions included in the act and confirmed by jurisprudence.

There ought to have been some amendment under which section 41 would provide that, in the province of Quebec, any gift to the wife in payment of matrimonial advantages or of reserved assets, be exempt.

We all know very well that the federal government has no jurisdiction as far as amendments to the civil code of Quebec are concerned. Along with my hon. friends I feel that the Quebec civil code has ensured the survival of the province of Quebec. We are proud of that body of legislation which protects the citizens of our province.

What the hon. member for Hull had in mind was that clause 41 should have been amended to ensure that payments made by a husband to his wife under the terms of a marriage contract, as well as whatever is owed in respect of reserved property, be considered as gifts for the purposes of this act.

(Text):

Mr. L. D. Crestohl (Cartier): Mr. Speaker, there is actually no fine line of demarcation between the two points of view expressed, but I would like to address myself to the point raised by the hon. member for Bellechasse, whose legal opinions I, and all those who live in the province of Quebec, have come to respect. He is perfectly right when he says this is a matter which could be remedied by the legislature of the province of Quebec; that is perfectly clear. There is however, one clear fact, a brutal fact if you like, and that is that we are enacting legislation which does create a prejudice, a prejudice which might be remedied but which might not be remedied. That is the point we are making.

We realize that only the province of Quebec can amend the civil code and rectify what I consider to be and what I have argued is a prejudice. Whether the legislature of Quebec will or will not amend the civil code is something which is not known to us. It is quite possible that the debate which has taken place in this house may draw the attention of the Quebec legislature to this issue and may, as a consequence, provide the remedy. If we had not raised this question it may not have been drawn to the attention of that legislature, which is the authority which can bring about a change in the code. I feel, as a member coming from the province of Quebec, that it was our duty to raise this issue. It is perfectly true that in principle we approve legislation to make possible gifts of this nature, but we felt that unless this step was taken to encourage the finding of a remedy, then a prejudice might remain.

I feel that the hon. members from the province of Quebec have done their duty in raising the issue, and in so doing they have laid their fingers on a prejudice now being created by legislation of the parliament of Canada. That is all we did. Whether a remedy will be found we do not know, but I repeat it was our duty to bring this matter to the attention of the house. I still think if the Minister of Finance had accepted the suggestion which was made, namely that he should address himself to the Supreme Court

of Canada or to the Department of Justice in order to endeavour to obtain their support of his opinion, then we might have been convinced. He has failed to do this, and we feel that prejudice has been caused, a prejudice which might or might not be remedied.

I appreciate the argument made by the hon. member for Bellechasse, and I hope that perhaps with the help of his colleagues on the other side of the house the matter may be drawn to the attention of the legislative assembly of Quebec in order that the prejudice which the parliament of Canada is now causing to the people of Quebec may be remedied.

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

FINANCE

MOTION TO APPROVE EXPENDITURES AUTHORIZED BY SPECIAL WARRANTS

The house resumed, from Tuesday, August 19, consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Rea in the chair:

That it is expedient to introduce a measure to approve certain expenditures authorized in respect of the fiscal year ended on March 31, 1958, including those provided for by the special warrants issued by the governor general pursuant to orders of the governor in council of August 16, 1957 (P.C. 1957-1111), August 19, 1957 (P.C. 1957-1134) and February 7, 1958 (P.C. 1958-222), but not including the expenditures authorized by appropriation acts for that fiscal year; and to authorize the application of certain amounts in the accounts of the said fiscal year.

Mr. Benidickson: Mr. Chairman, when we were discussing this resolution yesterday I indicated that I felt most hon. members would have the difficulty which I anticipated I would have in making very much of this very long though informative document which was only made available to us within a few hours prior to the presentation of this important resolution. I myself have not had an opportunity to appreciate many of the items that are included in this document, and I feel that the questions which would normally be asked of the minister at this time will probably have to be deferred until we are in committee of the whole on the bill.

I do wish to point out, however, that in the short time in which I have been able to look over the document I have not found much to support the claim which has been made during previous appropriation bills this session, and particularly on December 6, when the Minister of Finance gave the impression that certain reductions along lines which would involve economies and eliminations of extravagance and so on were involved.

I think such an interpretation might be placed upon the minister's remarks last night. He made reference to the fact that certain reductions had been effected in the amounts originally contained in the book of estimates for 1957, and pointed out that $1,270,000 were reductions made in committee of supply last session and that $112,795,000 were reductions effected by order in council.

I just want to indicate to the committee that we cannot anticipate that these reductions are giving effect to economies. I have looked over this document very quickly, as I say, in the short time available to me, with attention to some of the items indicated as involving reductions, and I think every member of this committee will realize that most of these items represent merely deferment of expenditures and that no cancellation or elimination is proposed.

For example, item 797 is one of the largest items. It refers to a reduction of $10 million in respect to wheat and flour being provided to India and Pakistan. I think the committee will realize that there is no cancellation involved here; there is simply a deferment, and the expenditure will occur in a subsequent year. There are other items where the reduction concerns statutory obligations.

I think of item 465; 668 which refers to maritime freight rates, a subsidy given to the railways. If the railways carry a certain quota of freight they are given this public subsidy, and a reduction is claimed there of $1,200,000. Hon. members will realize that this reduction took place simply because the traffic on the railroad was less than was anticipated. Had the traffic equalled the original forecast the amount mentioned in the item would have been expended.

Another item, 197, involves $4,500,000 with respect to our contribution to the provinces in connection with vocational training. I do not think the minister or anyone else would claim there would not have been a desire to make this expenditure if certain provinces had taken advantage of the legislation we have enacted, or that we would not have been happy to have made this expenditure for this purpose.

The big item, is, of course, item 240, a reduction of $32 million with respect to defence. I hope that during the committee stage after second reading of the bill either the Minister of Finance or the Minister of National Defence will at long last give us the details with respect to the items in the large "basket" item which accounts for this claimed reduction. This information was sought when the defence expenditures were considered in part on December 5, but we have not yet been able to get the details

connected with this very large item. I hope we will be able to get a breakdown during the committee stage.

Then we find another large item here, $9 million with respect to the St. Lawrence seaway. This is item 532. I think hon. members will realize that this does not represent the elimination of any expenditure; it is simply a deferment, and when construction proceeds in a subsequent year the item will be picked up. I am not sure what the situation is with respect to item 525, a $7 million reduction with respect to capital advances to the atomic energy commission, but I assume that here again the situation is the same; that construction did not proceed as quickly as was anticipated in the fiscal year and that the amount will be spent in a subsequent fiscal year.

Let us take another large item, $10 million with respect to the Colombo plan. This is item No. 872. I think all members of the committee will remember that there was some pride taken in the fact that there was to be an increase in the amount to be spent in connection with the Colombo plan work, and I ask the minister if it is not a fact that if this $10 million was not spent in the last fiscal year, cheques will be issued in the current fiscal year which will pick up this item of $10 million.

As I say, I have looked at this matter hurriedly, but this appears to be the situation. The minister said on December 6 that certain reductions were taking place, but that none would be in the field of construction or would affect employment. However, when we see the details here we find that a very substantial amount which had been appropriated for the construction of airports was not in fact spent. We find that there was an underexpenditure of some $3 million in public works. The Minister of Public Works is here and he may be able to tell us whether or not this involves deferment or whether these represent cancelled items. In any event they are construction items.

Then we have another item of $2,200,000 with respect to the Veterans Land Act. Again, no one will think for a moment that there was any cancellation of our standing offer to veterans who wish to acquire property. This simply means that toward the end of the year it was realized that applications were not being approved in the number that was anticipated at the beginning of the year, and there was an underspending of $2.2 million. I do not believe the government would really want to have that particular saving. I think they would have been pleased if satisfactory applications had been received in such numbers that this particular item could have been spent, which would have assisted our veterans.

Similarly we have reductions claimed for hospital construction for veterans; we have $750,000 with respect to war veterans allowances. I do not think the Minister of Veterans Affairs was trying to be difficult or unjust to veterans in any way, and I do not think he deliberately set out to save $750,000 with respect to veterans allowances. This simply means that toward the end of the year it was realized by him and his officials that, even carrying on with the usual consideration of applications that came in, this particular item would not be spent. Similarly I do not think the Minister of Veterans Affairs would be doing any boasting about the claimed savings of $150,000 with respect to pensions for disabled veterans.

These are the kind of things that are illustrated in this document. From time to time the claim has been made that these savings and deductions in expenditures have been made, and the impression has been created that these amounts would not be subsequently expended in a later year and were in fact cancellations of intended expenditures. I suggest that from these illustrations one will see that a great number were simply deferred items, or items that toward the end of the year anyone could see were going to lapse, and they were simply put in this package of $114 million which is referred to.

I would ask the minister whether he would just make a little clearer to me the meaning of his statement last night which appears at page 3809 of *Hansard*. He said:

> The house is asked to approve 11 transfer items aggregating $110,042,595. The house is not asked to approve the actual expenditure as such.

I have been able to find some of these. I confess I have not been able to find all the items in the document; I have no doubt they are there, but I have not been able to find them. The big item, of course, is old age security.

Mr. Fleming (Eglinton): I can give my hon. friend the list if he wishes.

Mr. Benidickson: Will my hon. friend give us the 11 items?

Mr. Fleming (Eglinton): Yes.

Mr. Benidickson: I have found seven.

Mr. Fleming (Eglinton): I shall be glad to direct my hon. friend's attention to them in the report on supply: on page 7, item 785; on page 11, item 92; on page 16, item 800; on page 17, item 690; on page 22, item 803; on page 24, item 700; on page 35, item 820; on page 43, item 340; on page 56, item 856; on page 58, item 480; on page 64, item 526.

These are all the items which involve legislative action, Mr. Chairman, at this point,

apart from the general approval of the supply which has been appropriated. In all eleven cases these are items which simply involve authorization in a bookkeeping or accounting sense. Five of the items, namely Nos. 92, 690, 340, 480 and 526, are $1 items.

Mr. Benidickson: I think those are the ones I missed; I was looking for larger amounts.

Mr. Fleming (Eglinton): Yes, they are the five $1 items. All other items involve other specific amounts. The three special ones are Nos. 785, 803, and 820. With respect to those three, Mr. Chairman, may I point out that they cover respectively the deficits in the agricultural commodities stabilization account, the lobster trap indemnity account and the old age security fund. In those three cases the amount of the item has been adjusted to correspond with the precise amount expended. In other words the house is being asked now to approve the transfer of the precise amount because, with the end of the fiscal year, it was possible to put in the specific amount of those three transfers. The others stand in the position of estimates approved in the ordinary form.

Mr. Benidickson: I have no doubt that in the bill there will be a clause that will refer to those 11 items.

Mr. Argue: Mr. Chairman, I want to express approval of what is being done at this time and the method by which the government is asking parliament to approve of certain governor general's warrants. Although this money has been approved and spent, although this is being placed before parliament after the act has taken place, we nevertheless feel that it is an excellent practice that parliament have the right to discuss and approve or disapprove, if that should be the case, of the particular governor general's warrants that were necessary.

We recall the main discussion that took place in this house in the dying days of the last parliament when this whole question was raised by the then member for Winnipeg North Centre, who outlined the C.C.F.'s position and asked that the items be placed before us at a later date for approval. That practice should be followed. I am not going to endeavour to follow the hon. member for Kenora-Rainy River in discussing a particular item. If we have something more to say in that regard we can do so when the bill is before the house in committee, but we do approve of this practice. We think the right thing is being done, and we think it establishes a type of practice that parliament could adopt and follow in the years ahead.

[Mr. Fleming (Eglinton).]

Mr. Herridge: Mr. Chairman, just before this resolution carries I wish to endorse what has been said, and to say that we are very pleased to see the government adopting this procedure, which I trust will be the recognized method of procedure in the future. I think one realizes fully that owing to the changing conditions under which we are living today, and the great expansion that is taking place in this country, problems arise suddenly which are not foreseen when parliament is sitting. Therefore there is some reason for those unexpected expenditures and there is necessity for the use of governor general's warrants on occasion.

In this respect I wish to bring to the minister's attention a news item which I noticed in the London *Times* this morning, dated August 19, which I think, indicates that other governments as well as ours are having problems because of changed circumstances and conditions in modern society. I want to read it and ask for the minister's opinion on the suggestion contained in this news item. It reads as follows:

> The appointment of a small independent committee to report on the theory and practice of treasury control of expenditure is recommended by the select committee on estimates in their sixth report.
>
> The committee, bearing in mind the handicaps they met in a limited examination of treasury control over expenditures, say that the proposed committee should have access to cabinet papers.
>
> They consider that supplementary estimates, "which can destroy effective budgetary control both of the nation's economy and of government expenditure," have become in recent years far too willingly accepted by the treasury as a natural feature of government finance.
>
> They say they find it difficult, without access to cabinet papers, to assess how frequently the costs of policies and major projects are underestimated, but the little evidence they have is disquieting.

I bring that to the attention of the minister, and I should like to ask him whether he has noticed it and whether any consideration has been given by the government to a study along similar lines.

Mr. Fleming (Eglinton): I have not seen the article to which my hon. friend refers, but I shall be glad to have a look at it.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-57, for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, of the financial year ended the 31st March, 1958.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Administration services—

193. Departmental administration, $623,942.

(Translation):

Mr. Dumas: Mr. Chairman, is the hon. minister about to review the activities of his department?

(Text):

Mr. Comtois: Yes, Mr. Chairman. As hon. members are aware, my department was before the standing committee on mines, forests and waters a few weeks ago. Members of that committee were given the opportunity of reviewing all aspects of my department, including particularly the 1958-59 estimates.

The report of the standing committee has now been made available to all members of the house. It is pleasant for me to note in the report that the committee feels that my department is doing a good job, but the committee also feels that more should be done in order that the "normal national development be not delayed".

With this recommendation in mind I do feel that the minor increase requested for my department for the present fiscal year will meet with the full approval of all members of the house.

I should now like to review for the house the main activities of the five branches of the Department of Mines and Technical Surveys, namely the surveys and mapping branch, the geological survey of Canada, the mines branch, the dominion observatories and the geographical branch. The department also has a mineral resources division which is concerned with all matters of an economic nature pertaining to the development, utilization and conservation of Canada's mineral resources. In addition, the department administers the Emergency Gold Mining Assistance Act and the Explosives Act.

The department continues to experience a heavy demand for base maps for resources development, defence, transportation, engineering and such purposes. Moreover, the department must meet the growing need for research and investigational work into the development of new scientific tools and new methods to assist industry in the search for and development of our mineral resources.

For some time my department has been handicapped in coping with the increased demand for its services by cramped quarters in scattered parts of the city. A few years ago a building program was started to provide the modern facilities necessary to carry out efficiently the department's primary function of assisting Canada's mineral industry to grow and develop. This program is progressing favourably and is expected to be completed late in 1961.

To enable the department to continue to carry out its function of assisting resources development we are asking for $29,742,151. This is exclusive of the dominion coal board estimates, and represents an increase of $1,762,761 over the previous year's estimates.

The main items accounting for this increase are: (1) salaries and wages, reflecting the general increase in salary and wage rates; (2) the cost of buildings and land, some of which is now reflected in the estimates of each department rather than in the public works estimates; and (3) the cost of scientific equipment required for expanded programs and the additional laboratory space which we shall have in our new buildings on Booth street. I shall explain the other increases over the previous year's estimates as I proceed.

The department, through its surveys and mapping branch, carries out the two functions of establishing a network of surveys over the length and breadth of Canada, including the Arctic islands, and of providing base maps for use in the development of Canada's natural resources.

The surveys and mapping branch is divided into five divisions, the geodetic survey of Canada, the topographical survey, the Canadian hydrographic service, the legal surveys and aeronautical charts division, and the map compilation and reproduction division. In addition, the Canadian section of the international boundary commission reports for administrative purposes through the branch director.

This year the house will be asked to vote the sum of $8,743,130 to provide for the continuation of the branch's mapping and charting program. This represents an increase of $363,184 which I shall account for in my remarks on the appropriations for each division of this branch.

The geodetic survey provides the original surveys that form the framework or basic control for mapping throughout Canada, and for engineering and surveying projects related to natural resources development. We are asking for $690,761 for the survey's 1958-59 program, an increase of $113,503 over last year. This increase is due mainly to the higher cost of air transport as the survey extends its operations farther northward.

The topographical survey is responsible for the medium and large scale mapping of Canada. It has a twofold objective, to complete the mapping of the whole of Canada at the scale of 1 to 250,000, and to provide topographical maps at the scale of 1 to 50,000,

or approximately one inch to the mile, for areas which are of immediate or potential importance in resources or other development.

For the topographical survey we are asking $1,929,769, an increase of $107,895 over last year. This is mainly accounted for by higher operating costs in more northerly areas.

The Canadian hydrographic service charts Canada's coastal and inland waters. It operates, this year ten ships, seven on the Atlantic coast and three on the Pacific, and seven shore-based parties using large launches equipped with echo sounders.

A number of recent developments have made it necessary for the service to extend its charting program considerably. The construction of the St. Lawrence seaway, for instance, has resulted in a demand for up to date charts of the St. Lawrence-great lakes waterway. The exploration and development of mineral deposits in northern areas, particularly in Ungava and the Northwest Territories, have made it necessary to chart adjacent waters to provide safe ore-shipping routes. The potential development of Canada's Arctic regions, the entry of Newfoundland into confederation, and the withdrawal of admiralty charts of Canada's Atlantic and Pacific coast all mean expanded charting operations to meet the need for charts of these areas.

Though the program of work is on the increase, there are certain non-recurring items, and the amount of $3,898,092 required in this year's estimates represents a slight increase only over the previous year.

The legal surveys and aeronautical charts division carries out original and subdivision surveys in Yukon and the Northwest Territories and in Indian reserves, national parks and other federally controlled lands. It also produces electoral maps, aeronautical charts, and the *Canada Air Pilot* the last two of which are used by airplane pilots over Canada. The appropriation for this division is $754,674, an increase of $49,867 over last year, reflecting the general increase in salary and wage rates and increased travelling expenses for field parties.

This division also works with provincial agencies through appointed commissions in the demarcation of boundaries. This year work is being continued on the British Columbia-Yukon-Northwest Territories boundary, on the Manitoba-Northwest Territories boundary, and on the Saskatchewan-Northwest Territories boundary.

The map compilation and reproduction division compiles, drafts, and reproduces maps and charts, and has charge of map distribution. The division's main problem is to keep its map publication abreast of the greatly speeded up surveying, mapping and other field operations. For this fiscal year we are asking for $1,261,432, an over-all increase of $24,171.

There is a separate vote in my department's estimates to take care of all aerial photography needed by the several departments of our government. The main use for this aerial photography is necessarily for topographic mapping. We have practically completed the coverage of the Canadian mainland by vertical aerial photography and because of the growing importance of the far north in the scheme of things today, we are starting this year to expand this aerial photographic coverage into the Arctic archipelago. For the coming fiscal year the department is asking for an appropriation of $1,050,000 to cover the photography of the archipelago.

We turn now to the geological survey of Canada. It studies, maps, interprets and reports on the geology of Canada. The geological survey's work is needed to make known areas of potential sources of minerals and to assess the nation's mineral potential. The activities of the branch are based primarily on field investigations. The survey supplements these investigations by essential and specialized research in all phases of the geological sciences including geophysics, geochemistry and mineralogy.

For the fiscal year the geological survey requires an estimated $3,114,720, an increase of $444,854 over last year. Part of this increase covers a moderate expansion in the survey's field program for 1958. It is placing 77 parties in the field this year compared with 69 last year. The increase also covers an expansion in its airborne magnetometer and reconnaissance surveys, and in its laboratory facilities for research. Such facilities are vital to a scientific organization such as the geological survey.

Now that the branch hopes to occupy its new quarters and laboratories on Booth street next year, the estimated expansion of laboratory and related equipment is much greater than in recent years. An appropriation to cover this new equipment is required during the current fiscal year so the full potential of the new quarters may be realized as soon as possible.

The geological survey is giving top priority, first, to completing the preliminary reconnaissance mapping of Canada at the earliest practicable date and second to the development of more rapid, economical and efficient field techniques.

To this end the survey turned to aerial reconnaissance by helicopter in 1952. Since then it has carried out seven major helicopter projects in which it has mapped nearly half

a million square miles of territory. In general the helicopter technique has proved to be the most economical in terms of dollars per square mile. This year the geological survey will carry out the second part of the helicopter operation which it began last year in northwestern Quebec in a 120,000 square mile area lying between James bay and Hudson bay and the Labrador trough. This is the largest unmapped portion of the Canadian shield.

The survey has resumed airborne magnetometer work in the maritime provinces this year to complete the unfinished sections of New Brunswick, Nova Scotia and Prince Edward Island. It is also making an aeromagnetic survey of the continental shelf in the bay of Fundy, Northumberland strait, and the gulf of St. Lawrence to gain information on the geological features of the shelf.

Our mines branch has several projects in hand. Its chief function is to promote the economic development and conservation of Canada's mineral resources by means of metallurgical, chemical and mechanical research. The mines branch is divided into five divisions; mineral dressing and process metallurgy, radioactive minerals, industrial minerals, fuels, and physical metallurgy. We are asking for an appropriation of $3,536,390 for the mines branch for the fiscal year. The increase of $158,609 over last year reflects the continued expansion in branch activities to keep pace with the expansion in our mineral industry.

An hon. Member: One o'clock.

The Deputy Chairman: Has the minister much more?

Mr. Comtois: It will take five or six minutes.

The Deputy Chairman: Does the committee give unanimous consent for the minister to continue?

Some hon. Members: Agreed.

Mr. Comtois: I thank you, Mr. Chairman.

The mineral dressing and process metallurgy division assists the industry through investigation on the primary beneficiation of ores, on metal extraction from the concentrates, and on final metal refining. Most mineral discoveries today contain complex and refractory ores. Special research is needed on these ores to develop economical processing methods. The industry has, for instance, asked for assistance in working out treatment methods for complex columbium ores and low-grade manganese ores.

Canada's present front rank position as a major world producer of uranium is a direct result of much painstaking work and research in the radioactivity division on the processing of radioactive ores. Every uranium mine in Canada has received technical assistance from this division. Now that most uranium companies in Canada are in production, the division is turning its attention to the recovery of other values from radioactive ores, and to the improvement of present recovery processes.

The industrial minerals division is concerned with the economic development, treatment and utilization of Canada's resources of nonmetallic minerals, sands, clays, rocks, and industrial waters. These make up, in large part, the raw materials of the chemical and construction industries.

Canada's output of these minerals has expanded greatly in the past ten years along with our country's rapid industrial growth, and the wide variety of projects under way in the division's laboratories indicates the importance of these minerals to our country's continued industrial growth. In a recent project, for instance, branch engineers did valuable work on methods of upgrading poor quality sand and gravel and processing crushed stone to make new sources of these much needed materials available for the construction of the St. Lawrence seaway and power project.

The main goal of the research and investigative work of the fuels division is the economic utilization of Canada's fuel resources. It is working, for example, on improving the quality and making saleable products of the low-grade oils and bitumen of high sulphur content which occur in large quantities in western Canada. To assist the coal industry it is working on the development of methods to reduce the hazards of mining at increasing depths, and on the development of cleaning and beneficiation methods to improve coal products and reduce wastage. It is also doing research on the blending of coals to provide high-quality cokes for foundry and blast furnace use.

The physical metallurgy division assists the Canadian mining and metal industries, the defence services, and the atomic energy project by carrying out fundamental and applied research on metals and alloys. It investigates the causes of failure of metal parts. It does applied research on the production of new alloys and the improvement of existing alloys, and fundamental research to explore some of the laws governing the behaviour of metals. It does much of its work in co-operation with industry.

At the dominion observatories, the course of world scientific events has greatly increased the work in astronomy and geophysics. The observatory's major participation in the international geophysical year, for instance, has

meant a greatly increased program of observations and measurements of geophysical phenomena. It has also meant the establishment of two new magnetic observatories, one in Victoria, British Columbia, and one in Yellowknife, Northwest Territories.

For the dominion observatories we are asking for an appropriation of $1,769,036, an increase of $833,872 over the previous year. Of this increase $562,750 is to be used to permit the branch to expand its astronomical research to include radio astronomy. It will cover the purchase of a radio telescope, the acquisition of land, and the construction of buildings and works for the establishment of a complete radio observatory this year near Penticton, British Columbia. Radio astronomy has proved to be the most spectacular development in astronomy in the past 20 years. When completed, the new telescope will be one of the largest radio telescopes in North America. We expect to have it in operation in 1959.

The increase in the observatories appropriation also includes the purchase of a new 48-inch telescope by the dominion astrophysical observatory at Victoria, British Columbia. The building to house the new telescope is expected to be finished during the present year, but the telescope itself will take two more years to complete. The addition of the 48-inch telescope will permit the observatory to make fuller use of its 73-inch telescope for long-term programs of observations.

Our geographical branch carries out surveys of various parts of Canada, and collects and organizes geographical data on Canada and on foreign areas of importance to Canada. The work of the branch will be similar in scope this year to that of 1957-58. The appropriation is estimated at $315,728 for the fiscal year, an increase of $21,685 over last year, mainly because of the increasing remoteness of field operations. A major project of our geographical branch is the making of land-use surveys and terrain-analysis studies. Such land-use mapping is proving particularly valuable in southern Canada for purposes of planning and development. The special Senate committee on land use visited the branch in November, 1957 to learn about this work.

The preparation of the atlas of Canada by the branch has been under way for a number of years, and I am pleased to inform the house that the publication of the English edition is scheduled definitely for December of this year and possibly earlier, and that the French edition should follow next year. The atlas illustrates the broad range and great wealth of Canada's known natural resources—agricultural, forest, mineral, fishery and water—a wealth from which we in this country produced a gross national product valued at over $31 billion last year.

The atlas, however, does not illustrate the vast potential of our resources still to be discovered or developed. Nowhere in Canada is this potential greater than in the mineral industry. The evergrowing richness of our country's mineral potential is most evident in the continued discovery of tremendous reserves of iron ore, particularly in Quebec; of base metal wealth in the various provinces; of oil and gas in western Canada; while in the territories, exploratory activity and the large scale reconnaissance mapping being carried out by our geological survey are steadily confirming the same rich potential in these great northern regions. In view of this, there can be little doubt that our mineral industry will long continue to contribute a major share to our national prosperity.

In closing, Mr. Chairman, I should like to pay a tribute to the very excellent and efficient service being rendered by the employees of my department. They are making a valuable contribution to the impressive growth of our mineral industry.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Dumas: The first item in the estimates of this department gives the members of this committee an opportunity to review the activities of the Department of Mines and Technical Surveys. We also have a chance to comment on the industry most directly concerned with the department.

I was very much interested in the statement made by the minister this morning. It is true, as he said, that the estimates of his department have been studied by the standing committee on mines, forests and waters and many of the hon. members in this chamber had an opportunity on that committee not only to question the minister but also to question the officers and the directors of each branch of the department. The minister, of course, made a lengthy statement in committee regarding his department, which was very much appreciated by all the members in attendance. At the same time we had the opportunity to review the activities of the dominion coal board and there were lengthy discussions on that subject.

I noticed that this morning the minister did not say anything about the dominion

coal board, but I presume that in view of the fact that this board practically constitutes a department of its own, of course under the minister, that he will let us have a separate statement later on with respect to the activities of the dominion coal board.

With respect to the work of the Department of Mines and Technical Surveys, we all realize that the tremendous expansion which has taken place during the last 20 years in the development of our natural resources, and the intensity of the mining activities in practically every part of this country has of course caused an extraordinary large demand for geological information in the form of reports and mapping services, research work and tests on Canadian ores and minerals and other services provided by the five principal branches of the department, so much so that the ability to supply the necessary information has been taxed to the maximum.

We are often inclined to think that the department is not keeping abreast of the developments which have taken place. However, those who are engaged in the search for new mineral deposits, those who are directly engaged in the installation of new mining developments and those who are trying to improve mining operations and extractive methods in mines, have only praise and compliments for our federal department and this is due in great measure to the efficiency of the personnel of the Department of Mines and Technical Surveys. I have said before and I would now like to repeat that we are most fortunate in having excellent mining engineers, scientists and other experts who are highly qualified, each in his own sphere. I wish to congratulate them upon the work they have done and I am sure that if this department is voted the necessary funds to permit an increase in personnel and an expansion in the activities of the department, hon. members can rest assured that the net result will justify such an increase in moneys voted by this house.

Some very important work has been carried out by the department and we have only to read the annual reports which are published to see the excellent work which has been done in the past. I repeat that it is unfortunate that, as members of this committee, we do not receive the report on past activities before we consider the estimates for the coming year. The department at one time published a summary report which was most helpful because we received it soon enough so that we might consider it before the estimates came before the committee. This method of procedure has been dropped and I understand that the annual report is not now ready in time for us to consider it in this way—and this applies to the reports of other departments of government. However, we have been told in committee that next year efforts will be made to produce such a report before we are asked to study the estimate and I hope that if it is not possible for the queen's printer to produce the normal annual report we will receive at least a preliminary report as we did in the past.

Regarding the different branches of the department, I will have quite a few questions to ask the minister as we proceed to discuss the estimates but at this moment I would like to extend my remarks to the mining industry in general.

We are aware at the present time that the situation in the Canadian mining industry is not as we would like it to be. We have, however, every reason to be optimistic and to believe that in the long term it will fulfil its great promise. In recent years the industry has played an outstanding role in the development of the Canadian economy and at the present time it is a very vital factor in our economy; its future is almost unlimited. The general softening in the price of base metals on world markets during the last 16 to 18 months has been reflected in the Canadian mining industry. The demand for most mineral products has diminished and of course prices have dropped. This trend was much accentuated in respect of copper, lead and zinc, but fortunately the price of copper tends to increase at the present time. The prices of the two other metals are, however, extremely low.

For instance, the price of lead and zinc dropped by approximately 20 per cent and 25 per cent respectively, during the period 1956 and 1957 and, of course, the price of copper had declined by 40 per cent until lately when we saw a small rise in price. In Canada these adverse conditions in the prices of copper, lead and zinc have had serious repercussions. Several mines have suspended or closed their operations, and others have cut back production. The outlook for the mining industry in the immediate future is not too good. The three major base metals, copper, lead and zinc, are experiencing some serious trouble. Copper stocks in the United States are not very high at the present time, but there is an incentive by way of a bill which has been passed, or which will be passed, to enable the government of the United States to pay subsidies not only to copper producers but to producers of lead, zinc and other metals. This will certainly produce an effect in this country; though I am told it may not be as severe as the tariffs which were supposed to be imposed on these different metals being exported to the United States.

Nevertheless, I think the future of the mining industry is bright. It may take some time before the price of metals goes up again, but we know that consumption will increase. Often we are asked by people who are not familiar with the metal trade why we believe consumption will increase. The increasing use of minerals is partly the result of a growing world population, partly the result of wartime demands and partly because of the improvement in the per capita wealth of the population. By and large, people are better off today than ever they were, and generally speaking the higher the standard of living the more metal is used. In addition, if we look through the different reports which are published we will soon realize that the consumption of metal will be increasing in the future to a very large degree.

First of all, we have the opportunity to read the Paley report which was published in the United States, and this report stated in part that from 1950 to 1975 the overall demands for minerals would probably be 90 per cent higher in the latter year despite the fact that today in only two metals, magnesium and molybdenum, is the United States self sufficient. The reserves have been depleted and they are actually importing large quantities of these metals, and in the near future this importation of foreign metal into the United States will be increasing all the time.

By 1975, the report states, the increased needs in the United States will be greater by the following amounts. Then the report goes on to give a table of the estimated increases. The figures have been public for quite a long time, but they do show the great opportunity which our minerals industry has to supply an important part of the metals which will be imported by the United States in the future. Here is a partial list: ferro-alloys, 75 per cent, nickel 100 per cent, tungsten 150 per cent, cobalt 344 per cent, manganese 50 per cent, molybdenum 170 per cent, copper 43 per cent, lead 53 per cent, zinc 39 per cent, titanium and cadmium 324 per cent.

Canada has many of these metals in exportable quantities, and production has been on the increase. In the case of some of the others there has been a sharp deficiency. However, I see by reading the report on the economic prospect prepared by the Gordon Commission that the following appears on page 215:

> The basic influences which have operated to increase Canadian mining and mineral processing production in the past will in all probability continue to be felt with undiminished force in the future. The population and standards of living of all of the main industrial countries of the world are continuing to rise, with expenditures on durable goods tending everywhere to increase even more rapidly. Defence requirements may decline relatively from their present level, but competition and technological change will combine to put heavy emphasis on investment in machinery and equipment, while the economic development of the less industrialized countries will add still further to the demand for minerals. One must, of course, make allowance for the increased absolute amount of scrap metal which will be available—

This has always been a factor. However, on reading these reports we must realize that the future of the base metal industry in this country is very bright.

This brings me to the activities of the department itself. I have always stated, when I have had a chance to speak on occasions such as this during the discussions of the estimates of the department, that we in this country should make more money available to the Department of Mines and Technical Surveys. I know it was mentioned by the minister this morning that the estimates for this year amount to $29,545,451, while in 1957-58 they were $27,979,390. In other words, there has been a very small increase. But the minister said this morning that this increase is mostly brought about by increases in salaries and wages and in the extra cost of building. I understand that building costs were probably carried by some other department in the past but are now being carried in the estimates of the Department of Mines and Technical Surveys. The minister also stated that increased cost was involved in the purchase of scientific instruments and other installations. Thus, even if the estimate for 1958-59 does show an increase of over $1 million as compared with the estimates of 1957-58 the increase is not such as to permit an extension in the research, mapping, geological surveys and other works which is supposed to be done by this department. If you look at the estimates for 1956-57 and 1955-56 you can see that they have been practically the same for the last four fiscal years; there has been a small increase, but that increase has not been sufficient to permit the department to do the job that it was designed to do or to give an opportunity to its officers and staff to do the job they would like to do.

I do not want to repeat myself, but we have experts in this department. They are able to do a job, but the department has to be voted the money necessary to do the job. I will go so far as to say that the minister is anxious to do a good job in his department. Since he has taken over the department he has shown that he is very much interested. Every member of the House of Commons should insist that the estimates of this department be increased. We have a job to do.

Let me cite only one example. We were told in committee that only about 30 per cent of this country has been mapped for geological purposes. We were told that last year we added 3 per cent to that. That makes 33 per cent, which means that we still have a big job to do. I realize that from now on the work will probably proceed more quickly. We are using methods today which are facilitating this work. For instance, in 1952, in the geological surveys of this country, we initiated a program of helicopter operations. In the magazine *Precambrian*, largely prepared by officers of the Department of Mines and Technical Surveys, there appears a report of the operations. Because the report has been prepared by those officers I think we can quote it without question. In 1952 we had one helicopter operation. This was the first one. It was called the Keewatin. In 1954 we had three operations, the Baker operation, the Pitt lake operation and the northern Cape Breton operation; in 1955, we had two; in 1956, we had one; and in 1957, we had two. I understood from what the minister said before recess today that we have another operation in Quebec this year which is called the Fort George operation. It started in 1957, but we were told in committee that the department expects to complete this operation this year. I understand also that next year the department contemplates the possibility of having other operations such as those I have mentioned. In the same article in the magazine to which I referred there is a report on an operation called Mackenzie. These helicopter operations are really the thing. Probably we can do more work in these operations than we could do with the usual method of making geological surveys across the country.

In saying that the department has completed only 33 per cent of the program of mapping this country in so far as geology is concerned, I am not trying to belittle the work of the department. They have done good work. We have to remember that 25 or 30 years ago those who were making the surveys had to travel by canoe and they could not do very much in one season because it is easy to understand that this work cannot be carried out during the winter. We should try to do more geological survey work. This is very important. I was told not very long ago by some mining people that the reason why the federal department of mines should do more work is that their work is tops, their work is first-class and is of great help to prospectors when they go looking for new metal discoveries. They say that they get more information from the federal department of mines than they can get from the different provincial departments of mines.

We had a good example of that in one instance in Quebec last year. In Quebec we have a section over which a geographical survey was carried out by a private company a few years ago. Since 1949 I have insisted that the work which was done by that company should be compiled and published. Finally, in 1954 or 1955, we succeeded in having the department start compiling those maps. When the maps came out a year or two years ago the first map which gave information regarding the survey in that part of Quebec was compiled by the department of mines in Ottawa, and the department was given permission to publish the information. After a certain number of years those maps were published. What happened? Immediately after they were distributed prospectors used them and mining companies used them and the result is that in the province of Quebec we have about the biggest discovery which has been made in the last 25, 30 or 50 years. Ninety miles north of Senneterre they discovered a deposit of zinc, lead, copper, silver and gold, and we have there what looks like the biggest deposit discovered in this country up to now. They have proven over 30 million tons of ore and I am sure the work which will continue will double this amount. I may be optimistic, but it looks like a big mine for the future.

Those who are not familiar with the situation may say, "We do not need lead and zinc right now; we have an over-supply of those metals". Mr. Chairman, the time will soon come when we shall be glad to mine this deposit of which I have spoken, and we shall soon be glad to open up Pine Point in the Northwest Territories and develop those other big Canadian mining prospects.

To show how important is the work of the Department of Mines and Technical Surveys, the total estimates of this department, as I mentioned before, are close to $30 million. I will agree it is a substantial amount, but when you compare those estimates with the estimates of other departments and when you take into consideration the great need for exploration across this large country of ours you realize that those estimates could very well be doubled and they would not be too large.

I have spoken only about the geological survey branch. I could say the same things about the survey and mapping branch and about the mines branch. They are all important branches of the department. Given the proper amount of money those sections of the Department of Mines and Technical Surveys could double their work. It was mentioned by the minister in the committee that it was difficult at times to organize parties to make surveys during the summer

and early fall because of not having a sufficient number of leaders for such parties. I suggest to the department that they should secure a greater number of surveyors and geologists and train these men. If the department does not train such men, how can we expect the department to have a sufficient number of leaders to take charge of these parties during the summer seasons? It is very important that we try to enlist in the Department of Mines and Technical Surveys a sufficient number of technicians and experts so that when we want to carry out a certain amount of work, whether surveying or geological surveying, we will be able to do it.

I have just one word in conclusion. I know my time has almost elapsed. I congratulate the officers and personnel of the Department of Mines and Technical Surveys but I should like to go a little further and congratulate a man who is ready to retire from one of the branches of the department. I am thinking of the director of the surveys and mapping branch. This man has done a lot for the Department of Mines and Technical Surveys and in so doing has done a lot for his country. Although I am sorry to see him leave the department because he has to retire I am also proud that he will be replaced by a man who has lived in my constituency. Sometimes we are disappointed to see a man go but are proud of the man who fills the vacancy and in this case I am very proud that the man who will replace the director of surveys and mapping is a man who has lived for some time in the constituency of Villeneuve. I will have questions to put when we come to the individual items and I will also have something to say about the dominion coal board after the minister has made a statement.

Mr. Herridge: Mr. Chairman, the minister's disarming smile plus the technical nature of the work undertaken by the department are not components likely to engender political turbulence in the chamber this afternoon so I trust that we are going to have a very good natured, objective discussion of the minister's estimates.

I must say that I read with some interest the proceedings of the committee that considered the estimates of the department and I noticed that the good work of the department and the staff was recognized by the committee as I think it is recognized generally. A good many Canadians do not realize the excellence of the personnel of this technical department, of the men who are willing to serve Canada in their present positions when in a number of cases they could obtain higher salaries in private industry and possibly very much higher salaries if they left Canada and went to the country to the south of us. I think that fact should be recognized more by Canadians generally.

The second conclusion I draw from reading the proceedings of the committee, having in mind the good work being done by the department and the excellence of the staff, is that there is a necessity for more funds to expand the good work being done and give this excellent staff the opportunity to do things that are waiting to be done in the technical field in which they work. I believe it is correct to say that this department has rendered service to the country for 51 years. I do not intend to make extended remarks at this time because I have to leave to record a radio broadcast and I must not disappoint the many people who listen to me every week as the fount of all wisdom with respect to what is happening in parliament.

However, the surveys and mapping branch, in which I have been particularly interested, is of great importance to the country at this time especially in view of the development of our natural resources, water resources, forest resources and so on. I have three suggestions to make to the minister. The first is that I hope every possible opportunity is given to students from universities and technical schools to secure employment with the field parties of this branch during the summer months. I also hope that every opportunity is given to graduates to secure positions within the department.

With respect to students particularly, the experience gained in field work is of great value and I think it is very worth while to get these young men started as undergraduates and interested in the work of the department, which means so much to the country. I hope every consideration is given to that because I have had representations from a number of organizations urging that, especially in the light of present circumstances, every effort be made by the government and particularly this department to find employment for as many of these persons as can be fitted into the appropriations voted by parliament.

My second suggestion has to do with the markers that are placed by the branch in various parts of the country and which are of great value in determining levels, locations and things of that sort. They are usually bronze plates with a number and possibly some reference to the fact that they are the property of the government of Canada. They are of great interest to many people and I suggest to the minister that consideration be

given to placing a little more information on these markers. They are placed there as the result of considerable expense involving surveys, levels and things of that sort, and in addition to having the reference number and the fact that the marker was established by the government of Canada I think it would be advisable to consider putting more information on them relating them to the surveys of the district, their purposes and so on. I make the suggestion because of the number of people who are interested in these things and the marker, of course, means nothing to them until they write for the information related to the number on the monument.

My third suggestion is that the branch is in need of more publicity. Field parties go into a district and the local residents know there is a field party there because some people are living in a few tents by the side of a lake who go to the nearest store and buy a few groceries. They know there is somebody there working for the government of Canada and doing something. I think the opportunity is being lost to acquaint our young people with the value of the work and its purpose and I suggest that there should be more publicity generally, possibly by press releases to the local papers, informing the people of the district that there is a party from this branch of the department doing survey work in the district. I also think that, using the right personnel, local organizations and school children could be informed of what is going on through short talks. I am sure that could be worked into the department's agenda without any great inconvenience. I suggest that it would be of great advantage to the local people and particularly the younger people from the point of view of getting them interested in the surveys and their purpose and helping them to realize in that way the value of the natural resources in their own district and developments in Canada generally. I think we should do everything possible to spread knowledge about the purpose of the work of the branch in its relation to the development of our natural resources.

I want to say a few words about the Canadian board of geographical names, an organization in which I have always been interested. In that connection, I want to ask the minister if there is close liaison between the officers of his department and the corresponding branches of the provincial governments with respect to the accuracy of names or the inclusion of names on maps. In recent years I have noticed two or three instances where a recent provincial map, say of the province of British Columbia, contained names that you could not find on a map published by the Dominion of Canada. I was just wondering if there were any continuing relationships to make certain that these changes in names or these additional names are included in the latest map produced by this department.

With respect to the Canadian board on geographical names, I want to deal particularly with one matter on behalf of a good number of the pioneer residents of the district which I have the honour to represent. I should like to express their appreciation to the minister for certain action on his part in recognizing the good work of Dr. L. E. Borden, who was on the cruise of the *Neptune* in 1903 as medical officer and botanist. In that connection, I am going to put two letters on the record because I have been asked to do this by persons interested in this question. The first letter is dated Ottawa, February 12, 1958, and reads:

Mr. G. M. Munroe, Secretary,
Canadian Board on Geographical Names,
Department of Mines and Technical Surveys,
No. 8 Temporary Building,
Ottawa, Ontario.

Dear Mr. Munroe:

I would like to draw your attention to the name of Dr. L. E. Borden after whom it has been suggested a physical feature in the Kootenay be named.

Doctor Borden has been a resident of the Kootenay for over 50 years and has made considerable contribution to Arctic exploration.

Doctor Borden's record was brought to the attention of the house on the estimates of the Minister of Mines and Technical Surveys on July 5, 1956 (*Hansard* 5692-95)—

That was the occasion on which I brought to the attention of the house his good work on the cruise of the *Neptune*.

—and later presented the proclamation to the house on August 11, 1956 (*Hansard* 7433).

That was when I presented this, as far as is known, only existing copy of the proclamation whereby the Arctic islands were taken possession of in the name of Canada.

May this request be investigated at your earliest convenience and a report forwarded to me accordingly.

Yours sincerely,

(sgd.) Paul Comtois

I am very glad to read that letter into the record. I am more than pleased, as a good number of the people in our district are, over a later letter written by the minister. It reads:

Ottawa, June 26, 1958.

Mr. T. Eric Jones,
2998 Seaview Road,
Ten Mile Point,
Victoria, B.C.

Dear Mr. Jones:

I wish to refer to our exchange of correspondence regarding the naming of a geographical feature after Dr. L. E. Borden.

The Canadian board on geographical names has now advised me that approval has been given to apply the name of Borden river to a feature which flows into Roes Welcome sound between Cape Fullerton and Whale Point to commemorate Dr. Borden.

The feature is in the area visited by the *Neptune* and is identified on the enclosed map for your convenience.

Yours sincerely,

(sgd.) Paul Comtois

I want to thank the minister on behalf of the many friends of Dr. Borden who was a pioneer resident of our district, was a medical officer of the 54th Kootenay battalion in which I had the honour to serve as did the Minister of Public Works, was the Conservative member of the legislature for a number of years representing the Nelson district, and during all these years since his return after the cruise of the *Neptune* has rendered great service to his district.

Mr. Comtois: No more than my hon. friend.

Mr. Herridge: The minister was well informed of the circumstances. I am one of those who believe in pioneers being recognized in the naming of these geographical features. Some years ago I was horrified to find, after a certain crew had returned from surveying a certain area in western Canada, that they were so lacking in names that they had named the various points, things such as lakes, rivers and physical features, after the camp cook and so on. I am not objecting to these people getting places named after them, but these places should not be named after someone who comes from eastern Canada to spend six weeks in the area. I am all in favour of those pioneers who wandered into the woods having their names commemorated in the naming of these geographical features. I may say that is C.C.F. policy, Mr. Chairman. In any event, I know the minister's action in this respect is appreciated by a good many pioneer citizens in the Kootenay district, in fact in British Columbia, because they believe the good work of Dr. L. E. Borden should be recognized.

I have one other matter I should like to mention under this heading of the Canadian board on geographical names. I asked the minister a question this morning about this press report which is headed "Ottawa Puzzled as U.S. Names Seaway Lake". I was very pleased with the minister's reply so far as the action of Canada was concerned. The report, you see, reads in part as follows:

Although Canada has taken no official action—and did not seem aware today that the United States had—the Canadian board of geographical names is expected to follow the U.S. lead at a meeting in early September.

Residents on the U.S. side of the lake behind the giant international powerhouse have been notified that the U.S. board of geographic names approved the name Lake St. Lawrence July 24.

—Officials of the Canadian geographical board said today they had been in contact with their U.S. opposite numbers regarding the naming of the lake but did not know that the United States had already acted.

Now, my point is this: I am somewhat mollified by the fact that Canada suggested the name lake St. Lawrence. I do think it is somewhat discourteous of the geographical board of the United States to make this announcement instead of waiting until there could be agreement so that there would be a joint announcement made by both countries. I am sure that all members of this house realize that is the proper way to do things. If you extend the courtesy to another country, then you expect proper procedure and protocol. That is all I am going to say because the minister's explanation this morning gave me some comfort. I can go and tell people that, as a matter of fact, we named it and they announced it.

I want to say a few words generally with respect to the administration of the Explosives Act. I do not usually deal with explosive matters, but this is a serious matter because of the peculiar circumstances that have existed in the Kootenay district for a number of years. I have discussed this with the Minister of Justice and with other officials, and I have discussed it with the local people in my constituency. We feel there are good reasons why there should be a rather more rigid administration of the Explosives Act by the minister's officials. In that connection, I want to read briefly from a letter from a man who travels a lot around the district. He writes me as follows:

I would like to point out that there has been no proper control over the handling of blasting powder and dynamite, and regulations are very lax in the direction and use of powder by most of the large companies in this area. As you will have noticed recently in the paper, a case of blasting powder was found in the near proximity of slashing for the gas line and I suppose you have also heard of powder being left loose along the side of roadways on government projects.

I have had occasion to investigate and found that most of the logging companies could not tell me how much powder was used on a particular project and there have been no actual checks by any authority of the amount of powder used. This resolution is to attempt to get a stricter enforcement of all such use of powder and proper inspection at all times to prevent further misuse of same.

I would like to point out also that there is nothing to prevent me from going to the C.I.L. and buying blasting powder without too much restriction. Further to this, I feel that when the gas line was put through the Nelson area there was no proper control as to who was handling the powder all during this project and a lot of powder could actually have been stolen, even a stick at a time.

Then in addition to that, I have a resolution from the Nelson-Trail and district labour council. This resolution was adopted at a general meeting of the council after prolonged and detailed discussion of this problem as it related to the Kootenay district in general. The resolution reads as follows:

Whereas,

The blasting of power poles, Canadian Pacific railroads and now with the bombing of bus transportation public waiting rooms and restaurants, causing much distress to our workers;

Therefore be it resolved that:

(1) That blasting powder be charged as the responsibility of one man in any company, or others, and that he be held responsible for the distribution, checking and the correct reports and tallies of all such explosives being used.

(2) The inspection of all such store houses—arsenals, powder houses where explosives shall be stored in the West Kootenay shall be inspected at least once a week.

(3) The inspections—tallies—records of explosives, etc. shall be under the control of a federal government official.

Of course, in passing that resolution I suppose the members realized that the matter is in a theoretical sense under the control of the federal government officials. But you cannot expect the officials to be visiting all these places continuously. I suggest that under the circumstances there is need for a much stricter enforcement of the Explosives Act. I have gone through logging operations and have seen two or three cases of dynamite left by the men building roads, just under a log or something of that sort over the weekend. I have been on road building operations and over a weekend there would be left powder and dynamite just possibly covered up with canvas or put under a large machine or something of that sort. In addition to that, dynamite and powder can be purchased by farmers legally and properly through the local farmers' institute which buys it, I think, at a somewhat lower rate from the C.I.L.

I think the great majority of persons using powder are careful to store it and lock it up over the weekend and things of that sort. However, I myself have observed some slackness in this direction. In view of the particular circumstances I urge that the minister give some consideration to the matter. Our circumstances are somewhat unusual. I am not going into that matter now. The minister knows the circumstances. I suggest that he discuss the matter with the Minister of Justice and see whether, at least under present conditions, we could not have a somewhat stricter and, shall I say, abnormal supervision and administration of the Explosives Act in our district. That is all I am going to say in that respect. That is about the only suggestion with a tinge of complaint that I am going to make this afternoon.

I just want to say a word or two about the geological surveys which are of such great value in this country in the search for minerals. I should like to ask the minister, when he replies, whether he would tell us what parties will be operating or are operating in British Columbia this year and whether there are any parties of the geological surveys branch working in the southern interior of British Columbia. Again I suggest that there should be some publicity with respect to the work of the geological surveys branch. It is doing a most interesting and valuable work. I think there should be more publicity through the press and local organizations, and that there should be some opportunity for even our high school students to know what is happening with respect to this most important work which may have some considerable effect on the Canada they will inherit and have to administer in later years.

I should now like to say a word or two about the mines branch and it will be very brief indeed. I represent a constituency in which mining is an extremely important part of the economy. I simply want to say that the good work of this branch and the service it renders to private industry are recognized by all persons who are engaged in the mining industry in my constituency.

Before leaving that point, in view of the fact that the matter was raised by the hon. member who spoke previously—to whose speech I listened with great interest and who is a member who knows what he is talking about when he speaks on this question; and by the way, I am not suggesting that I do not—I want to deal for a moment with the question of the market for lead and zinc. The minister knows, as do his officials, that owing to the present price for lead and zinc a good number of small producers are having a very difficult time. On the orders of the day some time ago I asked the minister, or possibly it was his *alter ego* on that day—I am not quite sure which it was—whether he had any knowledge of the global plan that was to be handled by the government in each metal-producing country to control distribution and export of lead and zinc according to the market demand after taking into account the prescribed domestic production level.

This proposal was made in the United States by senators representing mining states. I do not know whether or not the minister has any further information on that matter but from the information I have received this suggestion offers some opportunity for international planning of the markets for lead and zinc and, shall I say, the division of those markets on a fair basis

related to the normal productive capacity of the countries that would enter into what is called in this report a global plan. When the minister replies I should like him to inform the house whether his department has any information with respect to this plan.

My concluding topic—those words, of course, will bring a smile to everyone's face —has to do with a matter which comes under dominion observatories whose work everyone recognizes. I raised this matter previously. I mentioned it to the minister I think on one or two occasions. I think the last time I mentioned it I suggested that it be brought to the attention of the dominion-provincial conference as a matter that could be properly discussed there and one that should not create much difficulty in order to give effect to it. While I know, as do we all, that in peacetime the question of daylight saving time comes under provincial jurisdiction, I think we are somewhat silly in that respect. I suggest that we should work towards a national daylight saving time. If we are going to have daylight saving time, let us have it apply on a national basis. I again suggest to the minister that he bring this matter to the attention of the next dominion-provincial conference or of the provincial governments individually, whichever course he thinks to be more appropriate, in order to see whether something cannot be done to establish national daylight saving time as a result of agreement between the federal government and all the provinces.

I think we are absolutely silly to go on in this way and have various times established at various times with all the inconvenience involved. I think the suggestion is only common sense and will be to the great convenience of the Canadian people. Then, if we had that sort of arrangement, as to the timetables of the railroads, all we would have to do is to say generally that they are an hour later or an hour earlier across Canada. At the present time we have the railroads running on standard time, some buses running on daylight saving time and some buses on standard time. Then there is a difference between the daylight saving time in various provinces. I think we are causing ourselves a great deal of unnecessary inconvenience because we have not common sense enough to get together and work out a solution to overcome what appears to me, and to the members of the group which I represent, to be a totally unnecessary inconvenience which is causing us unnecessary difficulty in travelling and things of that sort and at the same time in some cases unnecessary expense. I urge the minister to give consideration to our representations in that respect. If he is successful in bringing this about before his estimates come before the house at the next session of parliament we shall rise up once again and say his name is blessed.

Mr. Chevrier: There are two matters which I should like to bring to the minister's attention. I hope the two hon. members who have just taken their seat will excuse me if I do not follow them in their remarks. I refer particularly to the speech made by my colleague the hon. member for Villeneuve who always speaks with such authority on matters affecting the Department of Mines and Technical Surveys.

I always listen with interest to the speeches made by my hon. friend the member for Kootenay West because he succeeds in making anything he has to say interesting. He did cover the waterfront pretty well, but I want to dwell upon one matter which he brought to the attention of the minister, which is the names announced by the minister for the new international lake now formed by the pool resulting from the power development in the international section of the St. Lawrence river. If I understand the situation correctly, the name that has been suggested by the geographical board on names and which has received the concurrence of a similar board in the United States, is that of St. Lawrence lake. Of course I would have no fault to find with that name as it is a name which has behind it a great deal of history. However, I do have a name to suggest to the minister which I think is more appropriate and which I believe, not only meets the historic aspirations of those who live in the area in which this work is taking place but which I believe also meets the national and international viewpoints with equal, if not more, suitability than the name chosen. Of course my submission to the minister is made with great deference, but it is made without hesitation. Although the name has been chosen, I know full well that on other occasions when a name of greater significance has been brought to the attention of the geographical board on names that board has not hesitated to reconsider and to change decisions already made.

The name I have to suggest is one to which I submit serious consideration should be given, because it would serve to preserve the historical associations of the area in which this development is taking place. As the house knows, some of the most important historical episodes in the history of our country relate to this section of the St. Lawrence river; the exploration of the west, the Indian wars under the French regime, the coming of the united empire loyalists, the war of 1812 and the development of the Canadian

canals. This particular development with which we are now concerned is perhaps not the final stage, and it seems to me that the name I am about to suggest is more in keeping with the facts surrounding the area than the name selected.

Before these developments took place there existed in this area what was known as the Long Sault rapids. Those rapids have disappeared, having been destroyed by the power works constructed by both Canada and the United States. To those who live alongside the international boundary line and to those who have ever lived in the area, the Long Sault rapids were a sight which can never be forgotten, not only because of their beauty but because of their galloping wildness. The rapids carried many ships, first bearing the early settlers, and then many inhabitants of our country from one end of Canada to the other. The name I suggest, therefore, is the name of Long Sault lake, and the reason I do so is that the lake is on the international boundary line and the rapids themselves were partly in Canada and partly in the United States. It therefore seems to me that it is a name which should appeal to the United States as well as to Canada.

Furthermore, there is an island which bears the name Long Sault which is entirely on the United States side of the boundary line and upon which some works in connection with the project have been constructed and which, until the development of the seaway, had been practically unknown. There were two communities on the Canadian side of the line which have entirely disappeared because of the flooding, namely Mille Roches and Moulinette. These communities have now been replaced by a new community which has arisen on the Canadian side of the line and which also bears the name Long Sault. It would strike me, therefore, that the name of lake Long Sault or Long Sault lake would carry with it not only local support with respect to the early history but would also be national and international in character. So far as I am personally concerned it has far more significance and appeal than the other name because we already have the gulf of St. Lawrence, river St. Lawrence and St. Lawrence county, which is just opposite the works now under construction on the United States side of the line, and which county is in the state of New York. We have on the other hand very little in the way of commemoration of the name of Long Sault in this country. I therefore ask the minister if he would not be good enough to bring this name, which I submit with deference, to the attention of the officers who form the geographical board on names so that they might consider it and discuss it with their counterpart members in the United States geographical section who have decided upon the name St. Lawrence lake.

Were the minister to accede to my request I am prompted to say that the name would receive universal acclaim.

The next subject which I would like to discuss is one which I am sure the minister is aware, is of concern to me because I have brought this matter forward previously in the course of the discussions on his estimates. This is the fact, the strange fact, that the boundary line separating Ontario and Quebec on lake St. Francis has not yet been determined. After many, many years it seems an anomaly, as it were, that this boundary line should still be in suspense, and I will continue to bring it to the attention of the minister every time I have an opportunity to do so. I do not need to do this because I know the minister is sympathetic in respect of this problem. I also realize that the minister does not have direct jurisdiction over a matter of this kind, which must be determined by the two provinces concerned. On the other hand he has a very great interest in this question in that islands owned by the federal government lie in this area. A good deal of work is being done in the river in respect of the development of the St. Lawrence and it is not known whether the men are working in the province of Ontario or the province of Quebec. Lastly, from the tourist standpoint, a man who fishes, traps or shoots in the area never knows from one moment to the next whether he will be apprehended by the law officers of one or the other province. All these problems arise because it has not been determined where the boundary line lies.

It is an old problem and a vexatious problem, one which should have been determined a long time ago. I am one who sat on the other side of the house for a long time and perhaps I should take some responsibility with respect to this matter but, on the other hand, I must immediately add that I lost no opportunity to bring this very problem to the attention of the minister's predecessor.

Fortunately a survey has been made of the area, a survey which was agreed upon between the surveyor general of the province of Ontario and the surveyor general of the province of Quebec many years ago. Those two surveyors agreed upon a portion of the southern boundary of Ontario and Quebec. That which begins at Coteau and ends at a point 500 feet west of what is known as Cameron's island or Thompson's island in lake St. Francis. But beyond that to the west, for a distance of almost ten miles, in an area

which is heavily inhabited on the Ontario side and which is certainly inhabited to a large extent by summer residents on the Quebec side, though possibly not as heavily, the boundary line has never been delineated, and it seems strange that in this day and age it should not be possible to find a solution.

I brought this question to the attention of the premier of the province of Quebec when I was the president of the St. Lawrence seaway authority, and I brought it to the attention of the premier of the province of Ontario and I was assured by both the gentlemen that it would be given their consideration. I know there are difficulties in the way. But the difficulties are small. They are that the islands lie, in the opinion of the province of Ontario, entirely within the confines of that province, while in the opinion of the province of Quebec, they lie entirely within the confines of Quebec. But the islands, it seems to me, are not of such importance that it could not be found possible to draw the line which separates Ontario from Quebec in this area.

The Ottawa *Journal*—unfortunately I do not have the date before me, but I have a copy of the article which, I believe, appeared in November of 1957—drew attention to the fact that this 10-mile boundary dispute should have been settled a long time ago, and it states that the present situation has proved very awkward for workers and contractors developing the lake St. Francis section of the St. Lawrence seaway and that it has been equally annoying for summer cottagers, anglers, hunters and trappers who have seen game wardens of both provinces converging on them with summonses at the ready.

I do not know whether the situation is as bad today as is suggested in that editorial but it is one which, it seems to me, should not be allowed to continue much longer. May I make a suggestion to the minister? I know he has very convincing powers. I know, too, that he is the kind of person who would not wish to be offensive in any way. May I suggest that he should first approach the premier of his province and that, perhaps, he might then have his officials communicate with the premier of Ontario in an endeavour to ascertain if the boundary line cannot be drawn. It would be a good thing for the federal government and it would be a good thing for the provinces of Ontario and Quebec. If a bill confirming an agreement between the two provinces were brought into this house I am sure it would receive the ready approval of parliament, because this is a good thing and a thing that should be done. I therefore appeal to the minister with regard to these two points and, knowing him as I do, I am sure he will wish to give them earnest and sympathetic consideration.

Mr. Martel: Mr. Chairman, I should like to say a few words in view of the point which has been raised by the hon. member for Villeneuve concerning base metal discoveries to the north of Senneterre which happens to be in my riding. I do not wish to delay the passing of these estimates in any way, but I rise merely to say that I agree with the hon. member with regard to what he has said, and that I support the observations of the hon. member for Kootenay West regarding the geological surveys branch, which is doing a great job and whose work is of high value to the development of Canada's rich mineral resources.

I mentioned this discovery at Mattagami lake in the middle of my riding during my maiden speech here last May. I am glad to say that my constituents were most happy that I said a few words about it. The only reproach they made to me was that I mentioned at that time that the discovery would compare with that at Pine Point. They thought I should have said it was much bigger than Pine Point. The hon. member for Villeneuve has made that point clear. Not only one ore body has been discovered but, so far, it seems there may have been three base metal discoveries. I have also been informed recently by a reliable source that a gold discovery has also been made in that area. I agree with other hon. members who have spoken this afternoon that the work which has been done by the geological branch of the department of mines has been most significant in bringing about not only these discoveries but many others across Canada.

Before closing, I should like to make a suggestion to the minister concerning the distribution of geological maps and reports. In past years these maps and reports were distributed free to prospectors upon request. I understand that some people and, maybe some companies, abused this privilege and that as a result the prospectors and the companies are now being charged for any such reports and maps they may require. I should like to suggest that in order to encourage prospecting all over Canada at least one set of maps and reports should be made available every year to prospectors who intend to do some exploration work in a particular area.

Finally, may I congratulate the minister upon the help he has extended to the gold mining industry through the subsidy which we discussed a few days ago and also express our gratitude to the officials of his

department who, I believe, are doing a really good job. I hope they continue this good work because if we want to open up the north country we need more surveys and we need their help.

Mr. Fisher: I suppose it is partly to the credit of the minister that for the first time in many years his estimates went to the committee, and having read the committee report I realize they got through a considerable amount of questioning in relation to the department. I must apologize that some of the questions I am going to ask arise from the fact that I was not able to be on the committee at the time the estimates of the department were before it.

I want to make one key point at this time and to do it I should like to start with a quotation from the report which the minister read to the standing committee on mines, forests and waters. I think it is an important point because the evidence I want to present in a sense tends to contradict the minister's statement. On page 102 he said, referring to co-operation with provincial and private interests:

> Nor is there any duplication of our work with that of the provincial government departments and agencies. A main reason for this is that our work and theirs though it may be in the same general field of endeavour, differs in nature and purpose. The work of the provinces stems from their responsibilities in administering resources development within their borders, whereas our work arises mostly from the need for research on the technological problems of the mining and metallurgical industries. Our officials and those of the provinces are in frequent consultation and the possibility of duplication of effort is reduced to a minimum.

I wonder whether the minister's attention has been drawn to a report which appeared in the Toronto *Globe and Mail* on June 3. It is datelined from Edmonton and it is headed:

> Co-operation Urged in Geological Survey

I would like to read part of this report because it is in contradiction of the statement made by the minister here, or at least I think it requires some further explanation on the part of the minister. It begins:

> More rapid completion of Canada's geological map could be expected from a clear-cut arrangement between the federal and provincial survey agencies, Dr. H. C. Rickaby of the Ontario mines department said today.
>
> Dr. Rickaby, in his presidential address to the geological section of the royal society of Canada, noted that less than one-third of Canada has been mapped, and even a smaller portion surveyed, on a scale adequate for mineral exploitation.
>
> A statement of the aims and policy of both federal and provincial survey would serve to clarify their respective fields of responsibility, he said.
>
> In Ontario, Dr. Rickaby said, the policy is to make geological work as practical as possible, with commercial considerations uppermost as it attempts to aid in promoting the mining interests of the province.
>
> If other provinces have about the same policy, Dr. Rickaby said, theoretically the field of broad fundamental geological studies—both field and laboratory—would be left largely to the federal government's geological survey of Canada.
>
> "Adequate funds for fundamental research in all branches of geology and geophysics should thus be made available to them for this purpose", Dr. Rickaby said.
>
> "However, because there is really no sharp dividing line between the scientific and the practical, it would be unwise to lay down specific regulations. Nevertheless, an understanding agreement will always be necessary between the different governmental surveys."

He goes on to talk about the work of the geological survey of Canada and the number of people employed and he said:

> Although the number sounds impressive when viewed in the light of the amount of field work still to be done it seems regrettably small.
>
> One large oil company and one base metal company operating in Canada employ 80 and 75 geologists, respectively, on a full-time basis, he said.
>
> The federal survey attempts to spread its operation uniformly across Canada, but now is obliged to spend much of its effort on field work in the Yukon and Northwest Territories as the only government geological agency. In Newfoundland and British Columbia, the survey has special obligations under the terms of confederation.
>
> Mr. Rickaby said that in some parts of Canada the private exploration and operating companies are gathering, collectively, more geological information than the government surveys.
>
> "Much of this information is naturally not available to the public," he said, "but in any scheme of national planning for co-ordinated geological studies the place and contribution of the private companies should be taken into consideration."

It seems to me that the gist of these remarks raises very serious questions about the operations of the surveys branch, both in mapping and geology. I would also like the minister to note something that I raised on the estimates of the Department of Northern Affairs and National Resources, namely the point raised by W. E. G. Brown, who is now with Spartan Air Services, who was a survey specialist with the Department of Northern Affairs and National Resources. His point was that he got out of the government service because of a lack of co-operation between the various agencies and the private interests. He went on in his statement before the Senate committee on land use to state that the whole survey problem in Canada is not being attacked—that is the way I interpret what he said—on a rational basis. We are far behind the Russians in our approach and there is overlapping, with no real co-ordination to prevent this and to direct us along the line.

These are not the kinds of criticisms that have great political weight in comparison, say, with a hassle over whether we have a Canadian economic outlook or not; but

they are so fundamental and important that I think we need further statements and explanations than we have had. Then I would like to see the case prepared and presented to the house. It will take some time, but it will give us an excellent picture of how this co-ordination is worked out and the planning stages of the future of how geological surveys and mapping surveys are going to move ahead and cover the entire problem, and how it relates to the number of employees that the department is planning to add. We would like to know about the workload upon those employees. I think this is one of the most important questions we face in all kinds of economic development in the country. If Dr. Rickaby's remarks, or Dr. Brown's remarks, have any substance at all, then there is an implicit criticism of the Department of Mines and Technical Surveys.

I would like to tell the minister that later on I hope to ask him some questions in connection with what his mines section is doing with regard to safety work in connection with uranium slugs and that sort of material, and just what co-relation is being carried out with the Department of National Health and Welfare and with other groups making studies throughout this world on the whole question of the effect of radiation and how the department in its meteorological studies is working on this particular aspect.

I also intend to ask him some questions in relation to scholarships and grants. I appreciate receiving from the deputy minister recently a report on the national advisory committee on research into geological sciences, but this report does not give any indication of the number of applications for research grants. The committee on scholarships and grants concludes, after a review of all the inadequacies of support for both undergraduate and graduate work and for post graduates, with this paragraph:

> The above sums on top of what will be the overburdened budgets of the universities raise a serious problem. Where is all this money to come from? If it is not found it will dangerously curtail the much-needed increase in key personnel required by the mineral industry.

At the back of this report we have some interesting statistics on the number of students and the number of degrees granted in various industries in relation to the subject fields of geology, mineralogy and metallurgy. The figures are very disappointing when you consider that only 124 degrees were granted in 1956. This raises the whole issue of the contribution the federal government, through this department, plans to make in this specific field, and whether it is planned to do anything, as the committee suggests, along the line of considering getting into the field of undergraduate work, and how this department in relation to this particular problem is working with the other departments to assist the universities in some way.

Those of us who have anything to do with university affairs feel that the students in the sciences and in the engineering subjects have much better opportunities for scholarships on the graduate level than in the arts subjects, even though we may feel that it may only indicate that arts are not moving and the sciences and engineering fields are rolling. When we come to that particular phase I have a number of questions I want to raise on the statistics, the number of people applying for grants, the number of students affected and the plans of the department in this regard.

One of the other points we raised last year is the question in relation to the Emergency Gold Mining Assistance Act and the inspections that are carried out. Last year the minister asked us to provide him with specific cases so that he could work on them. I have been trying to get specific cases, but I have to repeat I am in the state I was last year. There is nothing more than the ordinary gossip you get from the miners going around the mining communities, but with all due respect to the miners they are not experts in terms of the ore values existing in these various mines. Therefore I should like a statement from the minister this afternoon as to how often his inspectors visit these mines and just what procedures they follow in order to determine that the mines are not low-grading their properties in order to take advantage of this assistance. If some publicity could be given to the techniques that are used and if it could be generally recognized that they are adequate and that there is no low-grading going on I think you would create a much better relationship between the managements of the mines and some of the people in the areas where the mines are being operated.

Another point I should like to touch on which has not been referred to is the whole question of the publications of the department in relation to popular usage. As the minister and his deputy minister no doubt are aware, prospecting is becoming more and more a big company proposition. It is very interesting to look at the summary contained in a reference paper put out by the Department of External Affairs entitled "Iron Ore in Canada, 1957". This was prepared by W. Keith Buck of the Department of Mines and Technical Surveys and the indication throughout is that almost all discovery and exploration work is being carried on by very large organizations.

I think the minister must be aware that in most communities, especially in the Laurentian shield, there is a large number of what we might call small people who are anxious to get out and do better and more intensive prospecting. We have that situation in my riding. There is an active prospectors' association which is carrying on an adult education program. They are trying to improve their own standards. I have spent some time discussing with the members of the executive of this association what they might expect from the federal government in this regard. One of the main things they say is that the material available from the geological survey and the mines branch is excellent, as has been mentioned several times today, but how does the novitiate, let us say, in this particular field find out about it?

At the lakehead several large mining companies have their geological headquarters. Anyone who visits them will find that almost without exception they have practically a complete file of all geological survey and provincial mines branch material. They have it all arranged. They have men who know how to go into it. But the fact remains that the ordinary person operating with nothing more than the dominion government's annual catalogue or the consolidation issued by the department is not going to get very far in discovering what maps, memoires or reports he really wants to see.

I can give examples to the minister and deputy minister from my own area. There have been a number of reports on the Thunder bay region. The most valuable ones to the prospectors were those produced largely in the 1920's by a man by the name of Tanton. There was also a valuable reprint last year of the Thunder bay region which we appreciated. But there is no way that the ordinary prospector, not the big mining company, can go to the bulk of the geological survey material and find an adequate index. Why do you not have a consolidated listing of what you publish? Up to 1927 you had a very adequate index so that one can get right into old reports going back to the 1860's, but for all your most recent reports you do not have adequate indexing.

I know it is an expensive and difficult matter but if the department would do it in the same way as it did with its old indexes and as the provincial government used to do with the indexes to its bureau of mines reports you would open up much more information for the ordinary prospector than is available at the present time. As a matter of fact, I suggest to the minister that at the present time the publications of his department, especially the geological surveys, are so complicated in the various forms in which they have been issued and the publicity on them is so hit and miss as far as the average person is concerned that it is really only the experts in the field who can take advantage of them. That is fine. We expect that perhaps the most fruitful results from these publications will come from the larger organizations but it seems to me that the department is not doing enough to bring its publications, especially those of the past, and all they contain to the average prospector or person interested in mining. Whether it is too expensive a job or whether it is even worth considering I do not know, but I should like to have a statement from the minister on how the department looks at the problem. I suggest to him that at the present time there is too large a gap between the ordinary person interested in mining and prospecting and the publications of the department.

As I am sure the minister and the deputy minister are aware, even the old geological survey and bureau of mines reports do not become completely outdated. There is always valuable information in them. I know this is true from the fact that so many prospectors have made use of geological survey files of which I have been in charge. They keep coming in and they are willing to go back to reports in the 1870's and 1880's in order to get the lay of the land and certain tips as to what these early geologists saw in the area. Possibly I have overemphasized the point but I wanted to put it as clearly as possible because I think there is room for the department to do more.

There is another point I want to mention. I should like to know whether it would be possible to make arrangements with some of the private companies that are doing aeromagnetic surveys on a fairly large scale so that some of the maps produced could reach the hands of the ordinary subscriber, shall we say, across the country. I might give an example of how that could work. Largely as a result of aeromagnetic surveys a very large iron ore body has been marked out lying north of the Canadian National Railways line between Nakina and Hearst. Anaconda and several other companies are interested in it, especially Anaconda, and are doing some work. I have been up in the region and have talked with a number of the oldtimers. They tell me that they have been aware for many years of the popping up of these iron formations but that they were never considered important enough. Aerial surveys have now revealed the magnitude of these deposits and the only thing

that the small man can now do is to go into these various areas and perhaps pick up a few claims that are allowed to lapse by the big companies.

The big companies have the great advantage of being able to carry out these surveys on their own and they are also the first ones to take advantage of provincial and federal surveys. How can the department carry out some sort of program to bring the advantages of that type of survey to the ordinary prospector who lives in a particular region and whose prospecting role is becoming more and more minor than it has been in the past? I should like to leave that topic with the minister and I hope that he can give us some information on it later.

(Translation):

Mr. Godin: Mr. Chairman, I wish to address a few observations to the minister. As we do not yet have simultaneous interpretation, I will speak in French—which, incidentally, the minister understands very well.

We all appreciated the praiseworthy action of the Minister of Mines and Technical Surveys (Mr. Comtois) the other day when he sent hon. members a map of Canada, on which he had taken the trouble of showing the various members' constituencies. We in the opposition were particularly pleased that he believes this map will help members for quite some time in the future, for he had the markings made with red ink.

Mr. Chairman, I am very much interested in the Department of Mines and Technical Surveys, especially in the matter of grants to universities because my riding will soon have the privilege of having Canada's youngest university, the University of Sudbury which will very shortly be built in the riding of Nickel Belt. I wonder if the minister could tell me if this new university, and others, will receive grants for which provision is made in the estimates we are about to consider?

I mention this mainly because Sudbury university will be in northern Ontario, a mining area where geology necessarily will have more significance for those who seek outlets for their talents as executives in the mining industry. I would therefore greatly appreciate it if the minister would consider the University of Sudbury as being eligible for the annual grants shown in his department's estimates.

In addition, could the minister tell me the precise location of the universities receiving grants, the provinces where they are located, and whether the universities in the province of Quebec are covered by grants of the Department of Mines and Technical Surveys?

I am sure the Minister of Mines and Technical Surveys, because of his lively interest in geological developments in Canada, as referred to by previous speakers, will direct increasing attention to education in this field, and will doubtless find a way to increase the present grants.

(Text):

Mr. Comtois: I shall start by answering the hon. member for Villeneuve, Mr. Chairman. My hon. friend made some comments and suggestions for which I am very thankful. He is an engineer and he knows something about mines. I wish I knew as much as he does, and perhaps I would be a better minister. In any event, I shall certainly take advantage of his suggestions, and I hope they will prove to be of benefit to the department. My hon. friend mentioned the summary report of our activities. I think something could be done in that regard. I shall see if it is possible to go back to the former practice, so that the first report is produced in order to give all the information required by members or any other persons interested in the mineral industry.

The hon. member for Kootenay West, in his witty remarks, mentioned that opportunities should be given to students and undergraduates. We did something about that this year. We are preparing now our estimates for next year, and if the Minister of Finance follows the suggestions made by the hon. member for Villeneuve, no doubt our budget for next year will be increased and at that time we could appoint more students and undergraduates for the next summer.

The hon. member for Kootenay West also mentioned that more information should be given on surveys. Well, it would be quite an undertaking to remedy the omissions from the monuments already erected. However, I shall see if when any new monuments are erected more information can be given so that the public will know why these monuments have been established and the historical data connected with them.

In so far as geographical names are concerned, the hon. member for Kootenay West mentioned co-operation with the provinces. I might say there is already a very close relationship between the dominion government and the provinces. In fact, every province has its representative on the board. I do not know what could be done to improve the situation.

The hon. member also made reference to explosives. I might say that we are studying the whole situation with the Department of Justice with a view to improving the regulations.

The hon. member for Port Arthur made some suggestions also, for which I am thankful. He mentioned an article in the newspaper concerning Dr. Rickaby's statement. As a result of the comments that were made at the royal society meeting a committee of non-governmental geologists was named to look into the matter and make a general recommendation to both the federal and provincial geologists, so we are awaiting the report of this committee to see what can be done.

Mr. Fisher: Could the minister indicate just who these geologists are, how big the committee is and what are its terms of reference?

Mr. Comtois: We do not know.

Mr. Fisher: The committee, then, was an outgrowth of the geological section of the royal society of Canada, and it is going to make recommendations?

Mr. Comtois: The hon. member for Port Arthur also mentioned the question of inspection of mines. Unless it is proved to us that there is low grading or high grading in gold mines, we do not think it is our responsibility to investigate. This is something that has not been proven yet. As long as it is not proven, as long as we do not have any proof, we do not think it is our responsibility to investigate. I repeat that the matter of low grading and high grading is not the responsibility of my department.

Mr. Fisher: I wonder whether I could just ask the minister a question there. I know that high grading is not a responsibility of your department; it is a criminal offence under the law. I was using low grading in the sense that certain mines are receiving subsidies through the Emergency Gold Mining Assistance Act. It is quite obvious that if in their explorations they hit a very high grade deposit and if they mine that deposit the amount of subsidy they get will be smaller. It is quite possible for the mine, as the minister knows, to adjust its mill run in terms of value from the figures they have on the various bases. I insist that in every gold mining community which I have visited—I know it is so in such places as Beardmore and Geraldton in my own particular area and in the Timmins area I heard it from every side—there is this feeling that the mines are doing what the miners call low grading in order to get that assistance. This suggests, in other words, that these mines are milking the federal government for more assistance money than they really need in terms of their ore deposits. I know that the mines can come back and say that as far as any inspection is concerned they are maybe running a lower grade than usual but that it is just done in order to stretch out their reserves in line perhaps with their exploration program. I should like to know what standards of inspection you have to check in this particular regard.

Mr. Comtois: I must tell the hon. member that we have no proof of any practice of low grading. If we have such a report or if we hear about it I am ready to give orders to make an inspection and investigation. Up to the present time however, the proof has not been produced by the department.

Mr. Fisher: It will be a difficult job to carry out such inspections. But surely occasional checks would be worthwhile. For example, we have other legislation under which the government hands out subsidies to certain people in certain areas and there are checks upon it. From visiting out on the prairies recently I know that under the Prairie Farm Assistance Act there is a fairly close check made to see that no farmer is going to get away with anything crooked or that there is no skulduggery. There are inspectors posted throughout the areas. The various pools operate in a sense as inspectors.

I should not like to take from the minister's remarks that these subsidies are handed out without there ever being an inspection by experts of the mines branch and that statistics in relation to milling values and in relation to what they have in their ore reserves, are not just accepted out of hand. What I mean is this. I have a great deal of faith in certain businesses but I feel that that is leaving far too much temptation available to mine managers. I should like to know what are the inspection procedures. How often do your inspectors visit these mines? Do they just look at the books or do they actually go down and try to get some sort of picture of the mines operations in the light of its ore reserves?

Mr. Comtois: I might say to the hon. member that our inspectors not only look at the books but also go underground and they make their inspections according to the facts that are referred to them. If some good reasons are brought to my attention for thinking that something wrong is going on, I will see that the whole matter is studied and looked into very carefully. That is all I can say at the present time.

Mr. Fisher: I wish the minister would do so, because I have had several letters recently, especially from shareholders in some of the

mines who are quite disturbed over the activities of one particular group. I do not mind mentioning it in public. It is Little Long Lac mines which was a relatively small operation in comparison with McIntyre, Hollinger and so on. Recently as a result of various mergers and stock operations, Little Long Lac has become one of the biggest gold mines in Canada. The accusations that are sent to me are to the effect that Little Long Lac is going around doing two things: (1) Buying, through share purchases, control of mining companies that have good reserves built up, and (2) getting companies that are getting a proportionately large share of their income through the gold mining subsidies.

These people all complain to me that this is the kind of operation that should be investigated. I do not know how it could be investigated under anything to do with the federal government unless it was by some stretch of the imagination the combines investigation branch. But it is this kind of suspicion about the operations of this sort of integration that is taking place in the Canadian mining field, especially in gold, by which whole groups of mines are being brought under the control of what amounts to holding companies, that will continue and I think increase the suspicion in people's minds unless they have a fairly good assurance that the mines branch knows exactly what the situation is in these mines and that no one can pull the wool over their eyes and that the subsidy is a direct reflection of an honest operation and an honest reserve policy. I am still not completely satisfied with the minister's answer. I realize the difficulties in which he is involved. I should just like to tell him that I hope to return to this topic in the future and I hope to have more information that I myself have been able to pick up.

Mr. Comtois: In any event, I will see that our officers are very careful and are very attentive to the remarks that have been made. Of course, as the hon. member said, there is little we can do at the present time. However, I am grateful to him for having brought this matter to my attention. I will see what we can do. There are also many other points which have been raised.

Mr. Dumas: Mr. Chairman, if the minister would excuse me for interrupting him—

Mr. Comtois: Certainly.

Mr. Dumas: —there are a few remarks that I should like to make on the same subject. I can understand the remarks of the hon. member for Port Arthur but I am aware of this situation. I am always surprised when I hear mention in this place that the mines are low grading because in the past we have been complaining very much that gold mines were high grading, that they were taking the cream of a deposit in order to pay higher dividends. I am not surprised to hear the hon. member for Port Arthur say that he has letters from shareholders. Some of the shareholders of Little Long Lac, for instance, may not be satisfied that some of their operations are not paying dividends now and they may say that it is because they are low grading these mines. On that subject I will say this. If the Emergency Gold Mining Assistance Act has done nothing more than to extend the life of these mines, it will have done a great deal. In my own constituency in the past we had a spectacular and rich gold mine. This mine was mined out in a short period of time because, in my opinion, they were high grading the mine in order to pay big dividends every year.

Today the tendency is the other way and the work in the mines is planned. We are trying to conserve our ore as much as we can, but even with the subsidies, sometimes we cannot succeed in mining low grades. We have a good example in the Malartic gold fields where the grades were fairly high a few years ago, but because the price of gold has been going down every year and the cost of production has been increasing—the subsidy has certainly not been increased over the last three or four years, in fact it has decreased—they are today having to bypass some of these ore beds because the grade is too low. They would like to get at this ore but it is not possible. I feel sure we appreciate the fact that the mines are doing everything they can to take out all the ore possible, without of course making deficits, but unfortunately—and maybe some shareholders do not appreciate this fact—if the mines, for instance East Malartic, were to go ahead and mine out high grade ores which would bring large dividends for three or four years, these beds might be mined out in about ten years. However, the operations are now planned and we know that this mine in 25 years from now will probably still be in operation if the price of gold does not go down.

The minister perhaps should have mentioned that every gold mine receiving the subsidy from the department must file with the department plans showing its underground workings. It is quite easy for the engineers in the Department of Mines and Technical Surveys to check those plans. It is not that easy to bypass, let us say, an ore bed which is of high grade ore today and to go back to it later, because there is a question of refill underground and so forth. We know for a fact that some of the low-grade ore beds would not be mined later even if the price

of gold were higher. We would not be able to mine them because at this time we have to bypass them. If there is a tendency, therefore, to mine the lowest grade possible today, it is a good thing for the communities in the vicinity of those mines and it is a good thing for the industry. I do not think we should worry about this question of the mines attempting to mine as much of the ore as they have in the ground, even if they have to mine some low grade ore.

Mr. Fisher: I think some of the remarks just made by my hon. friend put my own comments a little bit out of context. The point I was trying to make was that in those mining communities which I know in Ontario there is a certain hostility which has been latent but which has bubbled to the surface between the men who work in the mines and the management of the mines. This may not be the case in Quebec but in Ontario there is a mutual suspicion existing between these two groups. I am sure the minister knows that in some of these mining communities the wages paid by the gold mines do not compare with those paid by the base metal mines and there is a certain bitterness on the part of the miners. They wonder if the government is giving subsidies to the mines why more is not coming to them, and they think perhaps one of the reasons is because the companies are using these moneys to pay large dividends. You can see how the suspicion grows amongst the miners that because the companies pocket a large part of these subsidies they do not get their share. There is much talk about the stopes which are cemented off in which there is supposed to be all kinds of high grade. The hon. member may laugh, but I would like him to go to Timmins and spend an evening in conversation with some of the miners there. They will tell him stories about the stopes in the McIntyre and Hollinger mines.

One of the points which the hon. member just made, as the minister knows, is something of which we are well aware in my riding. We inspected the operations of the McLeod Cockshutt mines and they have done a wonderful job in lowering production costs so that they might handle low grade ore. We hope they will be able to continue to do so.

I did not want my remark to be extended to cover cases of which I know where the mines operate on fairly low grade and to be understood to mean that because of these subsidies they should be shoved right out of the picture. I think it is simply a case of restoring the confidence of the mining communities with respect to the fact that the mines are getting a subsidy on a completely honest basis.

Mr. Comtois: With respect to the points raised by the hon. member for Port Arthur, I take it that he does not expect me to answer them all at this time. I can assure him that his suggestions will be considered and that I plan to discuss them with him personally at the first opportunity.

I see that the hon. member for Kootenay West has now returned to the chamber, and I am pleased to give him the information for which he asked with respect to what was going on in British Columbia this year so far as our geological surveys are concerned.

We have nine parties this summer in British Columbia, firstly, one in the Cry lake area and another in the northwestern part of the province, which latter party will endeavour to resolve the critical geological problems which arose following operation Stikine. Another one is in the Iskut river area and another in the Quesnel area; there is another in the Kettle river area and one in the Squamish area; another in the area of the east coast of Vancouver island and another commencing a detailed study of the granitic rocks of Passmore and Burton areas of southern British Columbia; and, lastly, a party in the Testa river area. In addition four parties are operating jointly in British Columbia and Alberta.

(Translation):

Mr. Chairman, I believe I should answer the hon. member for Laurier (Mr. Chevrier) in French. The hon. gentleman raised the same point this year as last year.

However, I will begin by answering the first point he has raised, regarding the name of the new lake formed by the construction of the St. Lawrence seaway. The hon. member asked me to give further consideration to the decision taken by the Canadian board on geographical names, and suggested that this new lake be called lake Long Sault to commemorate the historic exploits of Dollard and other heroes.

I must say that two little towns, Mille Roches and Moulinette have disappeared by reason of the flooding made necessary by the construction of the St. Lawrence seaway and that the new town which has replaced them has already been called Long Sault. I wonder why this new lake should be called Long Sault since the town which is situated next to it already bears that name.

In the province of Quebec we have the city of Three Rivers. This does not prevent the St. Lawrence river which passes by this

city to be called St. Lawrence and not Three Rivers. I do not think anybody has ever raised any objections in this respect.

Since the new town has already been called Long Sault, it does seem to me that the name suggested by the Canadian board on geographical names and also adopted by a similar body in the United States, that is lake St. Lawrence, should be agreeable to everybody and that no further objection should be raised to this name being given to the new lake.

In any event, I am not opposed to giving further consideration to the matter and to discussing it with my officials.

The hon. member for Laurier also dealt with a matter which is close to his heart, that is the limitation of the border between the provinces of Ontario and Quebec in lake St. Francis. This is a matter he did not succeed in settling when he was a member of the cabinet. Yet, I know he took many steps in this direction. As a matter of fact, I met him personally on several occasions, and we often spoke about settling that matter. I am still dealing with it, as I have the privilege of being on excellent terms not only with the premier of Ontario, but also with the premier of Quebec. I hope that if I succeed in solving the problem, my hon. friends opposite will not begrudge me my acquaintance with Mr. Duplessis, for it would be a boon for the hon. member for Laurier. In any case I can assure him that the matter is still under advisement, and that I may point it out from time to time to other provincial premiers, because it must be admitted that the problem is entirely under provincial jurisdiction. As we cannot impose any decision on the provinces, I believe that the best way to settle the situation is to mention it frequently, and to bring up the matter at every meeting with these gentlemen, so as to lead, perhaps, to an opportunity of starting a discussion in which many other problems may be solved. Also I hope to be able to say one day to the hon. member that the matter is settled at last. That would make me one up on him. At all events, it is essential to settle the matter, for everybody would benefit from such settlement.

Mr. Dumas: Mr. Chairman, I only want to say a few words on the matter of interprovincial borders. The Minister of Mines and Technical Surveys must admit that the hon. member for Laurier certainly did not want to imply that he was responsible for the fact that the boundaries were not delimited. Indeed, I think this situation is of interest to all Canadian citizens, and more particularly those of the provinces of Ontario and Quebec, and it would be desirable to define, once for all, this sector of the boundary line between the provinces of Ontario and Quebec.

I am quite familiar with the situation, for the great distinction befell me to establish the demarcation line between Quebec and Ontario, beginning at the centre of lake Timiskaming and going up to James bay. That was several years ago, and when I talked with the Quebec government surveyor he expressed his desire at the time for a very early settlement of this demarcation question between Quebec and Ontario, which we have been discussing this afternoon.

I think the member for Laurier merely wanted to make a timely suggestion to the Minister of Mines and Technical Surveys.

Mr. Godin: Mr. Chairman, I certainly lay no claim to any special significance in my remarks, but I would like to hear the comments of the Minister of Mines and Technical Surveys on the problem I mentioned to him. Indeed, I went so far as to make my remarks in French. Now, I wonder if the minister is prepared to answer my questions.

Mr. Comtois: Mr. Chairman, I apologize to the member for Nickel Belt (Mr. Godin). It was not for lack of good intentions that I did not answer his questions; unfortunately I was distracted by other matters. I do apologize.

In the matter of grants for geological research, I am happy to say that if Sudbury university submits its application to my department, it will be accepted on the same basis as those of other universities.

I can now supply the member with a list of the universities presently receiving grants from my department. In connection with the same question, there are universities in Quebec which obtain grants from the department. *(Text)*:

Item agreed to.

195. Mineral Resources Division—Administration, Operation and Maintenance, $230,700.

Mr. Dumas: On this item, Mr. Chairman, I am aware that this division is responsible for the publication of a large number of reports and publications. Although all of them are very interesting there is one in particular which was published last winter

and which must have entailed a great deal of work. I should like to mention, in particular, this publication which is called "Minerals, Canada and the World". This is an excellent publication and it is one about which I should like to say a word at the present time. I should like the minister to tell me whether this publication, which is a graphic presentation of the Canadian minerals industry in relation to the world minerals industry, has been distributed to high schools and universities. I think the deputy minister mentioned, either in the course of a committee meeting or earlier, that it had been distributed, and that the Canadian Metal Mining Association had been given a number of copies to distribute to its members. I should be very interested to find out whether this publication has been distributed to high schools and universities and, if it has not, whether it would be possible to distribute it at least to schools of mines and universities across the country.

Mr. Comtois: Some copies have been distributed to a few high schools, but our supply is almost exhausted. University libraries have some copies. I do not know how many are still in store, but the hon. member may have some suggestions to make as to how we could distribute the balance we have in hand. I do not think it is the intention to have larger numbers printed.

Mr. Dumas: Possibly if the minister has some copies left they could be distributed. I understand, of course, that in a year or two the publication will be out of date. Nevertheless, it is an excellent publication and those copies which are left could be sent to the schools of mines. We have a few schools of mines across the country and I am thinking particularly of the one in Haileybury. The schools could in turn distribute them to their students. I think that in the next few years we should revise this publication and bring it up to date.

Mr. Comtois: I will see what we can do about that.

Item agreed to.

Surveys and Mapping Branch—

196. Surveys and mapping branch administration, $79,110.

Mr. Fisher: I noticed that when the committee was considering the question of aerial maps there were some suggestions made that this service, and the availability of it, and the type of things that could be got from the aerial photographs, would have a much wider response in the country if more was known about it. I just wondered whether the department had taken this point into consideration; whether they had ever considered publishing, for example, a pocket guide to the aerial photographs available from this particular branch. I just wondered whether the requests the department gets for aerial photographs indicate that there is a fairly wide recognition of this service across the country. Can people who have a summer camp in a particular area get an aerial photograph covering that particular region?

Mr. Comtois: We have an aerial photo library and the prints are all there. As far as a pocket map is concerned, I do not think it would be very practical because in six months or a year it would be outmoded, out of date.

Mr. Fisher: The difficulty with most people who are interested in this information and are not professionals in any sense is that they bungle because they do not exactly know how to inquire for some things, how to define exactly the picture that they want. What sort of arrangements has the minister's department so that their questions or requests have some sort of pertinence or relevance? It is just a question of public relations in essence and the possibility of extending this service. Many people do not know about it, or if they do know about it they have only a vague idea of it.

Mr. Comtois: I will take note of the suggestion made by the hon. member.

Mr. Chambers: I would like to say one word. The minister might take into consideration maps prepared by the department and make them more easily available to the public. They are excellent maps but I know in the city of Montreal there is only one store in which you can get them. The majority of people do not know where they can get them.

Item agreed to.

Geodetic survey of Canada—

197. Administration, operation and maintenance, $690,761.

Mr. Fisher: I have been told by an expert in the field that at the present time Canada is not producing annually a single expert who can be called a geodesist in the sense that the United States is producing them, and I understand the United States is producing only a handful; whereas the Russians are producing them in several hundreds. I wondered whether the branch was aware of this problem and whether there is any kind of in-training scheme within the department?

Mr. Comtois: In our department we have an in-training school or scheme and we have a certain examination which applicants can pass and qualify for the position.

Mr. Fisher: There is no shortage of personnel?

Mr. Comtois: They are really not easy to get; we have to train them.

Mr. Fisher: I understand that there is more formal education of such people carried on in Russia and in the United States. I just wondered whether any consideration had been given to encourage universities to set up certain training, or is it practical?

Mr. Comtois: It has been studied recently. We have discussed these matters many times during the current year and we are discussing the matter with some of the universities at the present time.

Mr. Dumas: I have a very simple question on this item. I notice that during the fiscal year 1956-57 we had 16 parties in the field, seven on triangulation, one on shoran, four on precise levelling and four on astronomy and base line. Can the minister tell how many field parties we have this year, and can he tells us if we have any on shoran?

Mr. Comtois: I can answer the hon. member. This summer we have 170 university students who will assist permanent departmental officials in a total of 83 field parties, who will conduct topographical, geodetic and hydrographic surveys.

Mr. Dumas: I am most interested in geodetics. How many are on the geodetic survey, triangulation and so on?

Mr. Comtois: Fourteen.

Mr. Dumas: Are there any on shoran?

Mr. Comtois: No.

Mr. Dumas: There are none because I understand most of the mainland in the north has been covered by shoran.

Mr. Comtois: And the islands.

Mr. Dumas: And the islands also?

Mr. Comtois: Yes.

Item agreed to.

Topographical Surveys, including expenses of the Canadian Board on Geographical Names—

199. Administration, Operation and Maintenance, $1,829,769.

Mr. Dumas: I understand that during the fiscal year 1956-57 we issued 280 topographical maps. Some of them were conversions and reprints. Can the minister tell how many were issued in 1957-58 and how many were reprints and conversions, if those figures are available?

Mr. Comtois: I cannot tell right away but I will get the information and tell the hon. member later on.

Mr. Dumas: How many topographical survey field parties are in the field this summer?

Mr. Comtois: Thirty.

Item agreed to.

200. Construction or acquisition of equipment, $100,000.

Mr. Dumas: Can the minister tell how many hydrographical ships the department owns at the present time and how many do we rent every summer, or how many ships are rented this summer?

Mr. Comtois: This year we have seven ships and three chartered ships.

Mr. Dumas: Is the *Baffin* the newest ship we have?

Mr. Comtois: Yes.

Mr. Dumas: Is the department planning to build more ships?

Mr. Comtois: We are planning.

Mr. Dumas: I hope the necessary money will be voted so that the department can build more ships because this service is really doing a good job and more has to be done. Perhaps some of the ships that have been used for many years could be replaced and we could build some new ships to replace those which are outmoded or not very useful now.

Mr. Comtois: Some of the ships cannot be repaired and it is my intention to discuss the matter with the officials of my department who will recommend the planning, the acquisition or the building of new ships in the coming years.

Mr. Fisher: I just wonder whether the minister could bring us up to date on the cost of getting the *Baffin* back into service?

I would also be interested in knowing whether there have been any changes in personnel on the *Baffin* as a result of the accident. I should also like to know the steps that have been taken to ensure that control of the ship is such that we do not have a repetition of that accident.

Mr. Comtois: As a round figure, the cost of repairing the *Baffin* and putting her into service again is about half a million dollars.

Mr. Fisher: How much of that is for actual repairs to the ship and how much for damaged equipment which is actually used in carrying out the *Baffin's* purpose?

Mr. Comtois: This amount accounts only for repairs and salvage.

Mr. Fisher: Have there been any changes in the personnel as a result of the accident or are the same people carrying out the work?

Mr. Comtois: I have a note that certain personnel changes have been made as well as certain changes to improve communications between the chart room and the navigating deck. Additional instruments have also been installed in both the chart room and the navigating deck to assist in observance and to detect any dangerous areas or obstacles.

Mr. Fisher: I do not know whether I should ask it on this item or the next one, but what is the practice with regard to hiring the ordinary personnel for such survey ships? Where does the department get the people? Does it submit a request to the national employment service or is there some other list that is used in order to fill out the crews on these boats?

Mr. Comtois: The national employment service, the newspapers and the best means a good minister can find.

Item agreed to.

203. Legal surveys and aeronautical charts, including a grant of $500 to the Canadian institute of surveying and photogrammetry, $754,674.

Mr. Dumas: I see that this item includes a grant of $500 to the Canadian institute of surveying and photogrammetry. This institute has done a lot to promote surveying and photogrammetry. In view of the fact that the grant is now very small and also in view of the fact that in the committee the minister said he was very sympathetic to the idea of doubling or tripling the grant, I should like to ask him if he has given more thought to the matter and if we can expect that next year the grant will be increased.

Mr. Comtois: This matter will be studied in the next month or two.

Item agreed to.

204. Provincial and territorial boundary surveys, $54,200.

Mr. Dumas: I understand that during 1956-57 part of the British Columbia-Yukon-Northwest Territories boundary was resurveyed for a distance of 70 miles. Is any work being conducted this year? At the same time possibly the minister can tell me what progress has been made on the Saskatchewan-Northwest Territories boundary and when the department intends to start on the Manitoba-Northwest Territories boundary.

Mr. Comtois: This year we are working on the British Columbia-Yukon-Northwest Territories boundary. The expenditure for that survey is $29,900. There is also an amount of $19,000 for survey work on the Manitoba-Northwest Territories boundary and an item of $17,000 for survey work on the Saskatchewan-Northwest Territories boundary.

Mr. Dumas: Can the minister tell me the average cost per mile of these surveys?

Mr. Comtois: No. It depends on the circumstances, the weather, the site, the obstacles and so forth.

Mr. Dumas: I presume that when a seasonal job is finished the department is eventually in a position to know what the cost per mile is.

Mr. Comtois: Yes. I can obtain that information for the hon. member.

Item agreed to.

Geological survey of Canada

Geological surveys—

207. Administration, operation and maintenance, including the expenses of the national advisory committee on research in the geological sciences, an amount of $1,500 for Canada's share of the cost of the geological liaison office, British commonwealth scientific conference, London, England, and an amount of $40,000 for grants in aid of geological research in Canadian universities, $2,695,905.

Mr. Dumas: The hon. member for Nickel Belt asked the minister a question in French and the minister answered but I think he could have been more precise. I do not wish to ask for the names of all the universities in Canada which are receiving grants in aid of geological research. However, in Quebec we do not have very many universities and I think the minister should be able to tell us the names of the universities in that province receiving grants, whether the grants are given directly to the universities and whether they have always been accepted by them.

Mr. Comtois: I can give some information. Last year McGill University received a grant. This year McGill University and Ecole Polytechnique are receiving grants.

Mr. Dumas: That is the University of Montreal.

Mr. Comtois: Yes.

Mr. Dumas: Have there been any grants to Laval University in the past or is there any at present?

Mr. Comtois: In 1952.

Mr. Dumas: Only in 1952?

Mr. Comtois: For the year 1952-53, $2,000.

Mr. Dumas: I suppose these grants are paid directly to the universities concerned?

Mr. Comtois: Through the registrar of the university.

Mr. Dumas: Through the registrar of each university.

Mr. Fisher: In connection with the matter raised by the member preceding me, can the minister give us some indication of the liaison that the department has with the universities with respect to the possibilities of extending these grants? I gathered from the paper supplied me by the deputy minister that one of the problems in extending the grants is that there is a shortage of facilities and staff. The suggestion is made several times in that report that if some of this money went towards a certain kind of teaching fellowship and the emphasis was not too much on research but on teaching it would be a great aid to some of these departments.

One of the other points that is made is that quite often these amounts are given in aid of research to schools that are short of laboratory equipment facilities. It seems that $40,000 is a very small sum for supplying equipment to some of these geological departments. Is the department considering doing more in that particular line in order that more benefit will be derived from these particular grants?

Mr. Comtois: We have $10,000 more in the supplementary estimates for this year, and that makes $50,000. We are contemplating an increase in that item in next year's estimates which are already under preparation.

Mr. Fisher: Last year the minister was kind enough to give us the figures on the turnover in geologists in the geological survey. The figures were rather grim, and I wondered if he could give us the figures for this year on the number of new people taken on by the geological survey and the number of geologists who have left the department? I am speaking of permanent appointments rather than those doing part-time work during the summer.

Mr. Comtois: We cannot give that information offhand, but we can prepare the information and send it to the hon. member.

Mr. Fisher: In so far as the representations of the geological association of Canada are concerned, the minister made a point several times, both in the house and in the committee, of the fact that there was an extension of the field services in order to take care of postgraduate and senior undergraduate students. Now, this promises to be a continuing problem. Are there any plans beyond this year's estimates which indicate there is going to be a further step-up or a sort of long term program to take care of the point indicated here.

I think it was the hon. member for Villeneuve who made the point that in a buoyant economy, with more opportunities for geologists, we will once again have difficulty in hiring geologists for our surveys. When the economy is not so buoyant, it will not be so difficult to hire geologists. Is the department planning from a sort of pessimistic point of view to take care of more and more students? If that is not done, Mr. Chairman, I suggest there will be a squeezing off of the supply at the undergraduate level. Students will hesitate to go into these fields.

Mr. Comtois: We are actually attempting to find out what we can do. We are planning to increase this amount for next year's estimates, 1959-60, but we do not know by how much as yet. The problem has to be discussed between our offices and many other persons. It is not easy to say right now that our program will be a 5-year program or a 10-year program; we must proceed by degrees.

Mr. Fisher: As a final point, I should like to make this suggestion: I feel, and I am sure the minister feels and some of the people in this geological survey feel that they have one of the least noted departments in government, despite its great importance and the tremendous contribution it has made in the past. I should like to suggest to the department that they make approaches to the Canadian Broadcasting Corporation and its television service in order to have presented sometime during the coming winter a couple of fairly long programs which would cover this geological survey work. This work is tied in with our whole historical development and has a certain romance about it, right from the days of Logan and the early pioneers right up to the present time. The very early material could be presented in a sort of photomontage form and that would tie in with some of the documentary material which would bring the program up to the present. The program could develop the tremendous contribution that this survey has made, for example, to the oil development in the prairies or the gold developments in fields such as Red Lake and the whole development of the Noranda area.

I think this would make a wonderful television program and would be a great means of advertising this oft-forgotten part of the government service. It might be a means of stimulating a greater interest, especially amongst the young people, in choosing geology and associated fields of endeavour as a

career. I should like the minister to consider this suggestion and see whether he could take an aggressive part in going after something like that, to sell the C.B.C. on the idea that here is one of the best possible television subjects they could get.

Item agreed to.

Mines branch (including the former mineral resources investigation)—

209. Administration, operation and maintenance, $3,266,265.

Mr. Dumas: I wonder if the minister could tell the committee whether or not some research has been conducted on the industrial uses of gold. This research may lead to great benefits to our gold mining operators if an intensive program were undertaken to find some industrial uses for gold. I can think of one and that is gold which is used as gloss for glare reduction. We also use gold as a pigment in paints and in lining of atomic reactor cores. They probably use small quantities. I am wondering if the results would not justify extensive research into this question, and whether or not the department might initiate such a program, perhaps jointly with industry. In this way, perhaps we could find more industrial uses for gold than there are at the present time. There are many uses for platinum and platinum is a rare metal. I am wondering if we should not pay more attention to this research on industrial uses for gold.

Mr. Comtois: We are exploring, with the Canadian metal mining association, possible research projects to be undertaken in connection with industrial uses of gold. We are actually doing that now.

Mr. Fisher: A very important conference was held last week in the northern United States in connection with the effects of radiation upon human beings, in all its aspects, both industrial and defence. I wondered how many representatives the department sent to this particular conference, and whether or not they are preparing a report for the minister.

Mr. Comtois: I am informed that we had no representatives there. Perhaps there were some representatives from the research council or from some other department.

Mr. Fisher: I should like to suggest to the minister that it is regrettable there was not a representative from his department because, from reading some of the proceedings, I gather that the whole question of the industrial uses of materials which give off radiation was gone into in all their aspects. I am sure his department must be involved through this particular branch in connection with the whole field of uranium production and the metallurgical aspects of uranium after it moves from the ore stage to something that could be used for sludge for charging these various reactors that we are going to have. I just wondered what research is going on within the department on the various kinds of shielding that may be necessary in the milling and production of uranium ores. This matter, of course, ties in with the work that must be done by the Department of National Health and Welfare and probably by the research council and by Atomic Energy of Canada Limited. But I should like to suggest that surely there is some responsibility upon this particular branch. I should like to know just in what direction this work is going.

Mr. Comtois: I think this matter would come under the estimates of the Department of National Health and Welfare and the hon. member might discuss the matter at that time.

Mr. Fisher: It is not a question of discussing it at that time or any other time, Mr. Chairman. The point is this. Is it not a fact that the mines branch is interested in uranium ores?

Mr. Comtois: Yes; it is a fact.

Mr. Fisher: Arising out of that and your research, you will be able to advise people who are working on these ores and on the uranium itself in the various metal processing stages, if you call it that, as to safety measures and the various controls that are necessary. I know you can say that it may be a Department of Labour problem or that it may be a problem for the unions that are involved. But is there any concern in your particular branch over this point, this handling of materials that have radiation in them? I gather from what I have been able to read that there is research going on in other countries and that other countries in the mining field are taking some responsibility in this regard.

Mr. Rynard: I wonder, Mr. Chairman, whether I could say a word on this matter. A great deal of this work must be done on animals. I do not think very much research could be done in any of these uranium plants. It must be done in laboratories where the experiments are properly conducted and where they can be screened and the amount of radiation picked up. That is being done. Not so very long ago a conference was held down at Johns Hopkins University on that very point. I think that work is going ahead. I wonder whether that answers the question of the hon. member who has just spoken. I do not believe it can ever be carried on

at any mine because they have not the proper facilities. Then the outside radiation would all have to be shielded because there is radiation in the atmosphere. There is radiation even in this room.

Mr. Fisher: I am grateful to the hon. member for giving me that information. But as I understand it the mines branch is interested in basic research in metallurgy and in various milling work. One of the greatest problems in connection with anything having to do with uranium is that there is radiation danger. It is much more serious there than it is in various other fields. What I mean is that it has genetical significance. It also has significance in connection with the blood and nervous systems. We know that research from the medical point of view has to be carried out by medical men. But surely the matter of shielding of the various devices that will be necessary for the protection of the people working with that metal must come to a certain extent under this particular branch, and there must be some co-operation with the people who are carrying on the biochemical and various other kinds of research on radiation effects. What I wanted to be assured of was that the mines branch was conscious of this problem and was interested in it.

Mr. Rynard: Mr. Chairman, I wonder if that matter does not come under provincial regulation. I furthermore think that those suggestions have to come after this experimental work has been carried out in order to be of any value to the mines at all. That is my concept from a reading of the material that has come to hand on experiments made in the research laboratories of the United States particularly, where they are quite extensive.

Mr. Fisher: Some of the states in the United States have gone to the trouble of banning the use of a particular little gadget used to X-ray feet in shoe stores. That fact indicates that there is a growing concern about this matter. I also know that amongst the people who mine, mill and handle uranium there is concern. I should just like to know that somewhere in Canada somebody is conscious of this problem. Since it falls to a certain extent upon any organization dealing in basic research in mining metallurgy, this is something for the minister to consider. I should hate to think that we had to wait until all the biological research was in —and I doubt if all the answers will ever be in in that particular field—before we get in our industrial plants some shielding of various kinds that is adequate. I should just like to let the matter drop with an assurance from the minister that the mines branch is interested or will take an interest in this particular field to see whether safety measures and advice in handling these particular metals are being worked on.

Mr. Comtois: We will take that matter into consideration.

Item agreed to.

Geographical Branch—

211. Geographical branch—administration, operation and maintenance, including a grant of $250 to the Canadian Association of Geographers and a grant of $3,500 to the University of British Columbia in aid of research in foreign geography, $315,728.

Mr. Dumas: I am sure that all members were pleased to hear that the English edition of the Atlas of Canada will be ready for distribution in December. We were told in the committee that the purchase price of this atlas will be $25. This is certainly a very moderate price. In the committee we had an opportunity to see this very extensive book. I understand that the department has spent a good deal of time in preparing the atlas. The work was started in 1952, I believe, and it is now on the way to distribution. The minister also mentioned that the French edition will be available next year. I understand that in connection with a project like that it is impossible to have both the English and the French editions available at the same time. People will be greatly surprised to see this new atlas. It is really something of which the Department of Mines and Technical Surveys may be justly proud. Of course we are always anxious to have the French edition available. The minister said that all possible speed will be made so that this French edition may be ready for distribution to the public. I wonder whether the price will be the same as that of the English edition?

Mr. Comtois: I think so.

Mr. Dumas: The minister is not sure?

Mr. Comtois: I am quite sure.

Mr. Dumas: Thank you.

Mr. Herridge: I rise once again to bring to the attention of the house under this item the excellent work being undertaken by the royal Canadian geographical society and to urge members of this house to join and to get their friends to join this society for two reasons, namely the excellent work it is doing in spreading a knowledge of the geography of Canada and, second, for their own information having regard to the responsibilities they have in this house.

Mr. Fisher: In connection with the atlas I just wanted to ask this question. The estimated price is $25. I gather that this price

bears no relation to the actual cost. I gathered that when we were in the committee. I should like to know what is the estimated cost per issue of this particular atlas.

Mr. Comtois: The cost of the materials for the atlas is about $25.

Mr. Fisher: Here is the point I want to make in connection with that matter.

Mr. Comtois: Or slightly more.

Mr. Fisher: There are a number of people entitled to free copies of this particular atlas. Each library which has full selective depository privileges will, unless something unusual is introduced, be able to put in a claim. I believe this amounts to at least 400 or 500 copies. If all libraries make this claim, and I know certainly that my library will put in a claim for a free copy, there are about 500 free copies plus those copies required for members and senators, each at $25 per copy. With respect to the schools, especially the high schools, which may want to use this book, are they going to be burdened with part of the charges for what we freeloaders are getting? If we are very substantially subsidizing this thing would the minister consider setting a lower price in order to get a wider circulation?

The second thing I would really like to know is what the printing run is going to be on this book and whether there will be quite an over-printing in relation to the anticipated demand.

Mr. Comtois: Mr. Chairman, I must point out that this atlas is not considered as an ordinary distribution. I do not think there will be any free distribution.

Mr. Fisher: If the minister will check the regulations upon which the daily check list is based he will find that there are all sorts of institutions in Canada which have full depository rights. I understand that the only documents they do not get are documents considered as secret and confidential. This would not come into that particular category, so how is the minister going to deny them this particular book?

Mr. Comtois: What the member says is partly true, but the minister in charge has full authority to decide upon what distribution should be considered as free.

Mr. Fisher: In this particular case is the minister going to cut off the free distribution of this book?

Mr. Comtois: That is actually what we intend to do.

Mr. Fisher: I would like to suggest that that will be a blow to a lot of institutions in this country at both the university and lower levels. Such institutions find the right to pick up such publications extremely valuable and it is really the universities which will provide the best use of this atlas rather than sales through private means. Such institutions as schools are going to hesitate to order this book because of its price and I wonder if consideration could not be given to the whole problem with respect to price in this particular case.

We have never really had an excellent atlas in this country and this promises to be the answer. I still insist that from what I know of the distribution and purchase of books, as a librarian, that $25 will be a very large barrier in the way of wide distribution. I would welcome the freeloaders being cut off if the price could be brought down to something in the neighbourhood of $15 or $16. This, I think, would be much more within the grasp of the people. I do not want it to be suggested that I do not welcome this atlas. I think it will provide the best reference sources and the most thorough coverage we have in Canada but it is a fairly important matter and I would like to know how big a printing the minister is planning in respect of this work.

Mr. Comtois: Five thousand for the first edition.

Mr. Fisher: And is it planned to follow the edition and to correct any mistakes which may be noted by revised editions and more up to date editions? I am thinking particularly of 1962 and the new maps which will then be ready. Will there be a redistribution of new issues and is the minister prepared to have new maps inserted for follow-up purposes?

Mr. Comtois: Yes. Each sheet can be checked and changes made on every new issue prepared.

Item agreed to.

Mr. Herridge: I would like to ask one question because owing to other responsibilities I had to leave the chamber for half an hour. Is it possible to discuss the question of standard daylight saving time, as a result of an agreement between the provinces for the convenience of the Canadian people?

Mr. Comtois: I do not think this is a matter for which I alone am responsible. I will discuss the matter with my colleagues or raise the question at a cabinet meeting, but I do not feel I can take responsibility for it at this time.

Mr. Herridge: Would the minister bring the matter to the attention of his colleagues

to see if something can be done, because I have received numbers of suggestions that it should be considered.

Mr. Comtois: I certainly will, with pleasure. May I ask the Chairman to pass items 575, 576 and 577 of the supplementary estimates before we proceed to item 217.

The Chairman: Is it the pleasure of the house that we proceed in accordance with the request of the minister?

Some hon. Members: Agreed.

Dominion Coal Board—

217. Administration and investigations of the dominion coal board, $120,395.

Mr. Comtois: Mr. Chairman, since the early stages of confederation, the coal industry in Canada has always been a matter of concern to the government of the time, so much so that I sincerely feel it is free of any and all political interests. From time to time various bodies have been set up by both major parties to examine the Canadian coal situation and to establish policies on subsidies where and when needed. Many forecasts and outlines have been published and, for the benefit of some members, I have no hesitation in referring to the outline of the trade as presented by my predecessor in 1955 and recorded in *Hansard* on Monday, July 5 of that year, wherein the picture of the future was presented. Because of the increased interest in Canadian coal such bodies as mentioned above have invariably concluded that financial assistance should be provided by parliament to promote the movement of coal from the mines of eastern and western Canada to the markets of Ontario and Quebec, both as a measure of self-sufficiency and for a more equitable financial treatment.

After a period of trial and investigation as to cost, a policy was established whereby the government would assist towards the cost of transporting Canadian coal. This would permit the consumer in specific areas in central Canada to purchase coal at the same price as he would have to pay for imported coal. It should be noted however, that as these conditions changed so did the rates of assistance so that the widest area within reasonable limits could be provided with the Canadian product. However, in two cases, assistance has already been provided outside the areas of competition, but only where there was assurance of substantial business.

The Canadian product is not subsidized to sell for less than other coals, nor is it subsidized as against any other form of energy. The assistance granted only permits the consumer in central Canada to choose between Canadian and imported coal at the same price level. It became apparent earlier this spring that the demand for coal during the year could be expected to decline because of continuing dieselization of railways, the increasing competition from other fuels, the comparatively mild winter and the increasing amount of secondary hydroelectric power from high water conditions, plus new hydro plants.

Faced with these conditions, the competitive area was widened, potential market areas received an increase of the maximum payments set out in orders, and the existing preference in favour of Canadian coal was doubled to 20 per cent where purchases by government departments were concerned. This resulted in a substantial expansion for Canadian coal in Ontario outlets.

In spite of this assistance, Canadian coal production in the first six months of this year was 714,000 tons or 11 per cent below that of last year, and imports of coal during the same period were down by 4,731,000 tons or 51 per cent, clearly showing a great reduction due to the causes noted earlier. The question, therefore, is how much more can be justifiably provided to benefit this one particular industry and to protect it fully against general changes in the national economy. In the case of Nova Scotia coal the maximum subvention provided is $5.25 per ton plus a further protection of 50 cents duty per ton on imported competitive coal or a total of $5.75 to move one ton to the present limit of the subvention area. In 1957, to provide one day's work per man meant the movement of 2.6 tons at a cost of $5.75 per ton or a total of $14.95. This is the present limit only, and further extension to provide more employment would mean a higher cost per day's work provided.

Turning to western Canada, the present maximum assistance is $4 per ton with the same duty of 50 cents on imported coal or $4.50 in total cost of assistance or again a cost of $18 per man for his output of four tons. To find any new outlet for western coal, would mean moving the coal to Ontario at a subvention of about $9 per ton or more, bringing the cost per man per day to $36. New outlets for reasonable tonnage are being investigated but this demands both time and care if the future trade is to be built up on a firm and lasting basis. Keeping the above in mind, the report of the royal commission on coal concluded that there must be some limit to the assistance provided and the subvention should be in relation to the cost of imported coal. Though we agree, it is the feeling of this government that present

conditions have justified assistance at rates somewhat higher than those contemplated by the commission.

Since Sir John A. Macdonald provided the first measure of assistance in 1879, the Conservative party and the Liberal party have both maintained and extended the policy of assistance to our Canadian mines, and I can safely affirm that this assistance to the basic industry is a measure that will receive our continuing support. The present picture is not a pretty one and the causes of the industry's deterioration are not easily set aside by any government action since they are the natural interaction of developing forces. Free competition could be replaced by a policy of control and dictation and there might be some improvement, but even then, who can guarantee that the prospective dictator would not use his authority to favour gas or oil?

I have tried to show that the subvention policy as applied by this government as well as by our predecessors, has been of assistance to the industry. The amount of money the committee is being asked to vote, however, may not be sufficient to maintain the present scale of assistance, since there have been changes in the economics of the industry in the last few months.

May I say that the administration of government assistance has been in the hands of the dominion coal board which has also the even more important duty of maintaining a constant study of the coal situation and of recommending to the government such measures as, in their opinion, would be of benefit to the industry. The administration vote presently before you is, I submit, a modest sum to pay for the services and work done by this board.

Mr. Dumas: Mr. Chairman, my remarks will be very brief because we had an opportunity in the committee to review extensively the activities of the dominion coal board. We had a report presented and read by the chairman—a very enlightening report—and we were able to question the officers of the department, because the board is considered as a department.

I wish at this time to congratulate the officers and the staff of the coal board for the excellent job they have done since the board was organized and, as the minister, stated I think the board has been very useful not only to the industry itself but to all those who depend on this industry.

Unfortunately, at the present time the prospects of the coal industry are not so bright. The prospect in the future may be brighter, that is, let us say, in 10, 15 or 20 years, but in the meantime, bearing in mind that we shall need this coal in the future, we have to try to keep the mines we now have in operation. I understand that in western Canada many mines have closed in the past few years, but this is due mainly to the fact that the railways have discontinued using coal. The dieselization program has had a very adverse effect on the sales of coal in that part of the country. In the maritimes, the situation is a little different, because most of the coal finds markets in the province of Quebec and in eastern Ontario. Of course, probably 50 per cent of the coal produced is used in the maritime provinces themselves.

There is a chance that the coal industry may come through these difficult years, particularly if we can increase the consumption of coal in the maritime provinces themselves, and I am thinking now of the thermal electric power plants. I was pleased to hear the minister once again virtually guarantee that coal will be used in the thermal plant at Saint John, and we certainly hope that the government will insist on this. We do not want to hear next year that oil is being used in this plant at Saint John instead of coal, because it is recognized that oil and gas are the biggest competitors to coal. This competition from oil and gas is one of the problems which the industry faces today. I read a very interesting article in the *Financial Post* which appeared on August 2, 1958. When the minister of mines of Nova Scotia appeared before the Borden energy commission he had a few interesting remarks to make. He said:

> Unless the province's coal industry—

And he was talking about Nova Scotia.

> —can be maintained in the next 10 years either by government assistance or legislation, the industry will not be able to take its place in the supply of energy by 1980.

In 1980 the demand for coal may be much greater, and I understand the idea now is to try to keep our coal mines in operation. I hope this government will do its best to help the coal mines because we of the Liberal party are proud of what our government did to help the coal mines, not only in the maritimes but also in the west. The minister of mines of Nova Scotia also, according to this article:

> Suggested some form of assistance to submarine mines to maintain coal in a competitive position with natural gas.
>
> Urged sufficient freight subventions to make coal competitive with imported residual oils. This includes residual oils made from imported crudes.

The minister of mines of Nova Scotia recommended that the dominion coal board should maintain its entity and that the board should not be merged with any other organization that this government may think

of organizing in the future with regard to energy. We were not told that in the committee but we were given to understand that even if this government organizes a board to look after energy in this country, it is important that we keep our dominion coal board. I insist on that. I think that all members, not only members from the maritime provinces but from the west, should insist on this, even if the production of coal is low in that part of the country. Later on we hope that thermal electric plants in the west will use more coal, so there may be a revival of the industry in that part of the country. Those members who are interested in the coal mining industry should insist that if ever a board is formed to take over the control of energy in this country the dominion coal board should not be touched but left apart so that it can continue to render the service to the coal industry of this country that it has rendered in the past.

Mr. Robichaud: I do not want to delay the committee because it is six o'clock, but in the course of his remarks I understood the minister to say in quoting from the Gordon report that there should be a limit to government assistance to the industry. In saying this was the minister also expressing government policy? Is it the understanding of the present government that there should be some limit to the assistance given to the industry?

Mr. Comtois: I did not quote the Gordon report.

Mr. Robichaud: Does the minister agree that there should be some limit to the assistance given, or has he in mind further assistance to the industry?

Mr. Comtois: Well, in the past year we have demonstrated on several occasions that, according to the circumstances, assistance could be and should be increased.

Item agreed to.

219. To provide for subventions in respect of eastern coal under agreements entered into, or to be entered into, pursuant to the Atlantic Provinces Power Development Act, $1,700,000.

Mr. Robichaud: I notice in the 1957-58 estimates there was an item of $250,000. What portion of this estimate has been paid out or spent in the past year?

Mr. Comtois: None has been paid yet because the provincial claims have not been received.

Mr. Robichaud: What about the $1,700,000 for 1958-59? Do I understand also that none of this money has been paid out?

Mr. Comtois: That is right.

Item agreed to.

The Chairman: This completes the estimates of the Department of Mines and Technical Surveys. Shall we call it six o'clock? The next items to be studied are the estimates of the Department of Fisheries, but we have only about two minutes ahead of us.

Some hon. Members: Six o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire what the business is for Thursday and perhaps the minister might tell me what it is for Friday and Saturday as well.

Mr. Green: Mr. Speaker, tomorrow we commence with the estimates of the federal district commission and the privy council; then those of the Department of Fisheries, followed by the Department of National Health and Welfare, the Department of Citizenship and Immigration and the Department of National Revenue. I am not sure about Friday, but hon. members should be prepared to take transport and finance in addition to the ones I have mentioned.

Mr. Chevrier: If that be the case, has the government made up its mind as to what legislation will be dealt with on Monday?

Mr. Green: No, I cannot give the order.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWERS TO QUESTIONS

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

RURAL MAIL TENDERS, GLOUCESTER COUNTY, N.B.

Question No. 120—**Mr. Robichaud:**

1. Have public tenders been called for the following rural mail routes in Gloucester county, New Brunswick: (a) Robertville, R.R. No. 1; (b) Clifton, R.R. No. 1?

2. If so, who submitted tenders and what were the respective amounts?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. (a) No; (b) Yes.

2. John Richard Peters, Clifton, $2,200; George Raymond Glendenning, Clifton R.R. No. 1, $2,300; Thomas E. Early, Clifton, $2,500.

ARMOURY BUILDINGS, GRANBY, QUE.

Question No. 180—**Mr. Boivin:**

1. What building or buildings are being used in connection with the armoury in the city of Granby, Quebec?

2. Who are the owners of such properties and what rental is paid by the department for such buildings?

3. Have ground tests been made and plans prepared for a new armoury?

4. If so, in what location?

Questions

5. What steps have been taken to construct a new armoury in the city of Granby?

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

1. The armoury building in the exhibition grounds in the city of Granby.

2. The city of Granby, the owner of the building, receives an annual rental of $1,500.

3. Ground tests were made on a parcel of land offered to the department by the city of Granby in 1955. No action was taken to acquire the site and plans have not been prepared for a new armoury in that city.

4. Denison avenue, Granby, Quebec.

5. Answered by No. 3.

TEXTILE INDUSTRY STATISTICS

Question No. 189—**Mr. Cardin:**

1. What was the number of employees engaged in textile industry in Canada during the fiscal years 1955-56, 1956-57, 1957-58?

2. What was the number of employees engaged in textile industry in the province of Quebec during the same period?

3. What was the yearly production of textile in Canada for the same period?

4. What was the yearly production of textile in Quebec for the same period?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1 and 2. Note: figures shown are on a calendar year basis.

NUMBER OF EMPLOYEES IN TEXTILE INDUSTRY

Industrial group	1955		1956		1957*	
	Canada	Quebec	Canada	Quebec	Canada	Quebec
Textiles, except clothing	69,144	39,496	70,873	39,760	—	—
Knitting mills	21,658	10,193	21,913	10,490	—	—
Clothing	89,686	56,508	89,799	56,497	—	—
Total	180,488	106,197	182,585	106,747	—	—

*Data collected in the census of industry are not yet available for 1957. However, the employment index which includes firms with 15 or more employees (for the textile industry this includes over 75 per cent of all firms) shows the following trend based on 1949=100—Canada, textiles except clothing 1956: 86.8, 1957: 85.1; knitting mills and clothing (combined) 1956: 94.2, 1957: 94.4. Quebec, textiles except clothing 1956: 86.1, 1957: 85.1; knitting mills and clothing (combined) 1956: 100.8, 1957: 101.1.

3 and 4. Data on production are not collected by the dominion bureau of statistics. Figures shown are for value of factory shipments.

Industrial group	1955		1956		1957	
	Canada	Quebec	Canada	Quebec	Canada*	Quebec**
	$	$	$	$	$	$
Textiles, except clothing	734,515,445	396,695,292	766,977,127	412,018,417	755,118,000	—
Knitting mills	155,186,763	70,112,820	165,149,727	77,757,340	905,457,000	—
Clothing	684,361,902	436,026,753	733,769,962	469,088,037		
Total	1,574,064,110	902,834,865	1,665,896,816	958,863,794	1,660,575,000	—

*Estimated
Estimates not yet available on a provincial basis.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Administration services—

193. Departmental administration, $623,942.

194. Explosives Act—administration, operation and maintenance, $113,055.

195. Mineral resources division—administration, operation and maintenance, $230,700.

Surveys and mapping branch—

196. Surveys and mapping branch administration, $79,110.

197. Geodetic survey of Canada—administration, operation and maintenance, $690,761.

198. International boundary commission, $75,092.

Topographical surveys, including expenses of the Canadian board on geographical names—

199. Administration, operation and maintenance, $1,829,769.

200. Construction or acquisition of equipment, $100,000.

Canadian hydrographic service—

201. Administration, operation and maintenance, including Canada's annual contribution of $4,100 to the International Hydrographic Bureau, $3,352,378.

202. Construction or acquisition of buildings, works, land and equipment, $545,714.

203. Legal surveys and aeronautical charts including a grant of $500 to the Canadian Institute of Surveying and Photogrammetry, $754,674.

204. Provincial and territorial boundary surveys, $54,200.

Map compilation and reproduction—

205. Administration, operation and maintenance, $1,242,932.

206. Construction or acquisition of equipment, $18,500.

Geological surveys—

207. Administration, operation and maintenance, including the expenses of the national advisory committee on research in the geological sciences, an amount of $1,500 for Canada's share of the cost of the geological liaison office, British commonwealth scientific conference, London, England, and an amount of $40,000 for grants in aid of geological research in Canadian universities, $2,695,905.

208. Construction or acquisition of equipment, $300,565.

Mines branch—

Mines branch (including the former mineral resources investigations)—

209. Administration, operation and maintenance, $3,266,265.

210. Construction or acquisition of equipment, $270,125.

Geographical branch—

211. Geographical branch—administration, operation and maintenance, including a grant of $250 to the Canadian Association of Geographers and a grant of $3,500 to the University of British Columbia in aid of research in foreign geography, $315,728.

Dominion observatories—

Dominion Observatory, Ottawa and field stations—

212. Administration, operation and maintenance, including the expenses of the national committee for Canada of the International Astronomical Union, a membership fee of $500 to the International Astronomical Union and a grant of $3,500 to the Royal Astronomical Society of Canada, $777,571.

213. Construction or acquisition of buildings, works, land and equipment, $695,075.

Dominion Astrophysical Observatory, Victoria, B.C.—

214. Administration, operation and maintenance, $140,240.

215. Construction or acquisition of buildings, works, land and equipment, $156,150.

General—

216. To provide for purchases of air photography and the expenses of the Interdepartmental Committee on Air Surveys, including purchases of equipment, $1,900,000.

B—Dominion coal board—

217. Administration and Investigations of the dominion coal board, $120,395.

218. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $8,580,250.

219. To provide for subventions in respect of eastern coal under agreements entered into, or to be entered into, pursuant to the Atlantic Provinces Power Development Act, $1,700,000.

A—Department—

General—

575. Polar continental shelf project, $78,450.

Geological Survey of Canada—

Geological surveys—

576. Administration, operation and maintenance—further amount required, including an amount of $1,000 for Canada's share of the cost of the geological liaison office, British commonwealth scientific conference, London, England, and an amount of $10,000 for grants in aid of geological research in Canadian universities, $103,250.

577. Construction or acquisition of equipment—further amount required, $15,000.

HOUSE OF COMMONS

Thursday, August 21, 1958

The house met at eleven o'clock.

COMMITTEES OF THE HOUSE

Thirteenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

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

ATOMIC ENERGY

NUCLEAR EXPLOSIONS—REPORTED AGREEMENT ON MEANS OF DETECTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he can inform the house if reports are accurate that the conference of atomic scientists at Geneva has reached agreement on practicable international machinery for the detection of nuclear explosions, thereby making possible effective international arrangements prohibiting such explosions for the testing of nuclear weapons, something which I think we all agree is both desirable and urgent.

Right Hon. J. G. Diefenbaker (Prime Minister): The scientific experts in Geneva, Mr. Speaker, as has been reported in the press and as is known to the Leader of the Opposition, have arrived at agreed conclusions. However, these decisions have not yet become part of the public domain and will not until the experts agree upon their final report. Dr. Solandt, the representative for Canada, will be returning in the next day or so and he will then report to the government. For that reason I would prefer not to deal with this matter at the present time, except to say that having regard to the general situation and the considerations that have been determined by the experts, my hope is that there will be an eventual international agreement on the suspension of nuclear tests. I couple with that the hope that it will be at a reasonably early date.

Mr. Hazen Argue (Assiniboia): I have a supplementary question I should like to ask the Prime Minister arising out of the very welcome report of agreement among scientists as to how atomic explosions can be detected and prevented. Is the Prime Minister able to comment on the news report that the United States is about to announce or has announced a temporary suspension of its own nuclear tests? This report was on television last night.

Mr. Diefenbaker: Of course the hon. gentleman will realize that such announcements could not be made by way of anticipation in the House of Commons.

ST. LAWRENCE SEAWAY

INQUIRY AS TO LOCATION OF HEADQUARTERS

On the orders of the day:

Mr. Grant Campbell (Stormont): Would the Minister of Transport care to comment on an article which appeared in last night's Ottawa *Journal* to the effect that the St. Lawrence seaway headquarters will remain in Ottawa?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for indicating his intention to ask this question. I got in touch with the president of the authority and he has advised me as follows. The St. Lawrence Seaway Authority Act provides that the head office of the authority shall be at Ottawa or in such other place in Canada as the governor in council may designate. On inception of the authority, head office was set up at Ottawa and so-called "headquarters" at Montreal.

In reply to a recent inquiry from the press, the president of the authority indicated that approximately 125 employees would be moved to Cornwall as circumstances permit and as the construction phase ends and the operating stage is reached. The staff at Montreal consists of the engineering personnel and the administrative employees recruited for the construction period. The authority has determined that it would be disruptive and uneconomical to move the engineering and allied staffs until construction is practically completed.

The number of employees mentioned, namely about 125, is a preliminary figure based upon proposed establishments. It is considerably less than the 200 to 300 mentioned some years ago, but that figure was not based upon a detailed study of the organization required.

From inquiries which have been made, particularly by employees who have in view moving to Cornwall, it appears doubtful that

there is satisfactory housing available at Cornwall at present for the influx of a large number of employees.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question. Is it not a fact that during the course of the election campaign the minister made a statement that the headquarters building would be at Cornwall, and that it would house from 250 to 300 men?

Mr. Hees: Mr. Speaker, I have here a copy of the telegram I sent during the election campaign, and it reads as follows:

> A decision was made several years ago to establish the headquarters of the St. Lawrence seaway at Cornwall and over $1 million has been spent to provide office accommodation. There has been no change in this policy and I know of no reason why there should be.

Mr. Chevrier: I thank the minister for making that statement, but would he answer my questions, which were two in number? Did he not state during the election campaign, first, that the headquarters of this authority would be at Cornwall, and second that the number of employees would be 250 to 300?

Mr. Hees: As I stated, Mr. Speaker—

Mr. Speaker: Order. I think that is not the type of question to be asked on the orders of the day.

WELLAND CANAL—STATEMENT ON TRANSFER OF CONTROL AND OPERATION TO SEAWAY AUTHORITY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Tuesday I stated in reply to a question by the hon. member for Welland that the Welland ship canal would come under the authority of the St. Lawrence seaway authority, and in a supplementary question the hon. member asked if this also applied to land. I said it was my impression that it did but would make further inquiries.

I have now confirmed that the Welland canal lands will be transferred to the seaway authority.

Mr. W. H. McMillan (Welland): I wonder if I could ask the minister a question arising out of his answer. Will the employees on the Welland ship canal continue as civil servants with their present rights?

Mr. Hees: I know of no plans for any change.

[Mr. Hees.]

OLD AGE SECURITY

INQUIRY AS TO REPORT OF DR. ROBERT CLARK

On the orders of the day:

Mr. W. H. McMillan (Welland): I should like to direct a question to the Prime Minister. In view of the fact that some months ago, on January 24, 1958, the Prime Minister indicated that Professor Huson's resignation was accepted because it was most urgent to have the report on the United States old age pension system in three or four months, would he table Professor Robert M. Clark's report on this matter before we consider the estimates of the Department of National Health and Welfare?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I can understand the interest of the hon. gentleman in this prospective report. I have been in communication with Dr. Clark with respect to this matter. He has worked very hard and diligently and is doing his best to achieve a report at the earliest possible date. He has given intensive study to this question and indicates to me that, as far as he can foresee, there is no prospect of that report being available before early in October at the soonest. He has done everything possible to bring in a report within the period which I believed would be sufficient, but I am sure we would expect him to bring in that kind of report which will be as complete and comprehensive as are the terms upon which he was appointed.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like to ask a supplementary question. Does the Prime Minister feel this report, which was considered on January 24 as being very urgent, has within the last three or four months lost its urgency?

Mr. Diefenbaker: I can understand the feeling of urgency on the part of the hon. gentleman, but I seem to remember that the party to which he belongs promised health insurance back as far as 1919.

Some hon. Members: Hear, hear.

EXTERNAL AFFAIRS

UNITED STATES—SUGGESTED CANADIAN PLEA ON BEHALF OF ALABAMA CITIZEN

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would like to ask a question of the Prime Minister. In view of the government's recent commendable action in protesting the execution of the former Hungarian premier, will the government consider sending a plea to either the President of the United States or the governor of Alabama

to spare the life of Jimmy Wilson, who has been sentenced to die on September 5 for robbing a white woman of $1.95.

Mr. Speaker: I think the hon. member is trying to extend the jurisdiction of the ministry a little beyond what is warranted. I understand his question relates to something which has taken place in the United States.

Mr. Regier: What I am asking is whether the government intends to register a plea on behalf of this man.

Mr. Speaker: I must advise the hon. member that it is not any part of the public duty of the government to administer the criminal law of the United States.

FREIGHT RATES

STATEMENT ON PROGRESS OF FREIGHT EQUALIZATION INQUIRY

On the orders of the day:

Hon George H. Hees (Minister of Transport): Mr. Speaker, on Tuesday last I replied to a question by the hon. member for Assiniboia regarding the progress being made in the equalization of freight rates. By way of a supplementary question the hon. member for Laurier asked if other classifications of rates will be equalized. As the house knows, equalization of class rates, which is the basic structure of freight rates in Canada, was accomplished with effect from March 1, 1955 by the transport board after extensive hearings and study.

On September 18, 1957, after further hearings and study, the board issued a judgment disposing of the equalization of the following commodity mileage scales to be effective January 1, 1958: Brick and tile; sand, gravel, crushed stone; clay, field stone, fuel wood; scrap iron or steel; fertilizer; ice; sawdust and shavings; horses; cattle; and potatoes.

In the months March to June of 1958 the board held hearings in Ottawa and in western Canada on commodity mileage rates covering coal and lumber and rates on fruits and vegetables. The board is now preparing its decisions in these cases. Further hearings are scheduled to commence in Ottawa on September 29 on cement, paper and paper articles, wood pulp and pulpwood, and on October 6 on 76 scales covering a variety of commodities, half of which are applicable in western Canada only and half in eastern Canada only.

It is hoped that the work following these hearings will be concluded by the board by or near the end of 1958. When this work has been completed the board considers that, except for individual cases arising by complaint, its work on equalization under order in council P.C. 1487 and pursuant to section 336 of the Railway Act will have been completed subject to further examination of rates on domestic grain, on which proceedings are necessarily in abeyance because of an appeal pending to the Supreme Court of Canada.

At the same time, the hon. member for Assiniboia asked if the hearings mentioned in my reply to his question would be held at various places or in Ottawa. The board advises me that the hearings scheduled for this fall on equalization are to be held in Ottawa. Hearings outside of Ottawa have already taken place in connection with the equalization of class rates and earlier in 1958 on certain commodity rates. No application has been received by the board for further hearings outside of Ottawa. Should the necessity for such hearings arise the board will, of course, arrange to hold them.

FINANCE

GOLD—REQUEST FOR STATEMENT ON GOVERNMENT POLICY

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Minister of Finance. The question arises out of an article in this morning's *Gazette* by the financial editor, John Meyer, entitled "Higher Gold Price Empty Hope". The question is, in view of the vital interest of the gold mining communities at the present time in this question, could the minister inform the house if he favours the broader use of existing world monetary agencies rather than a higher price for gold as a solution to the problems of the gold mining industry?

Mr. Speaker: I am afraid the hon. member's question lies entirely within the realm of policy. I leave it to the minister to decide whether he feels it is one to be answered, but in my view it is not a proper question to ask.

HEALTH INSURANCE

QUEBEC—INQUIRY AS TO INTENTION TO PARTICIPATE

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare before we reach his estimates. Would the minister tell us if he has received recently an indication from the government of the province of Quebec as to their intention to join in the hospitalization insurance scheme?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, Mr. Speaker.

Mr. Deschatelets: Would the minister tell us if he has lately contacted the authorities of the province of Quebec, whether by telephone or telegram, to that effect?

Mr. Monteith (Perth): No, Mr. Speaker.

ARTS, LETTERS AND SCIENCES

CANADA COUNCIL—CAPITAL GRANTS TO UNIVERSITIES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Prime Minister relating to the Canada Council. In view of comments made by the Auditor General in the report tabled yesterday on the division of Canada Council money for university residences, could the Prime Minister advise the house whether consideration is being given to setting out possible limitations on capital grants for this specific aspect of university expenditure?

Right Hon. J. G. Diefenbaker (Prime Minister): I do not want to give an answer to that question offhand. There has certainly been no consideration given as yet to the question raised by the hon. member.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare or to the Minister of Finance, whoever is the appropriate minister in this case. Would it be possible to have an answer to question No. 145, which has been standing in my name since July 1, before the estimates of the Department of National Health and Welfare are brought before the committee of supply?

Hon. J. W. Monteith (Minister of National Health and Welfare): I shall be glad to look into this and see if I can get this information immediately.

SUPPLY

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

PRIVY COUNCIL

Federal District Commission—

314. To provide a supplement to the sum of $300,000 granted by chapter 112, R.S., for construction, improvements and operation of the parks, parkway system and other works under the control of the federal district commission and to authorize the payment of an honorarium at the rate of $10,000 per annum to the chairman of the federal district commission notwithstanding section 8 of the Federal District Commission Act, $600,000.

[Mr. Monteith (Perth).]

The Deputy Chairman: Shall item 314 carry?

Mr. Diefenbaker: Mr. Chairman, I wish to make a short general statement in regard to these estimates, and I believe the general statement would also cover pretty well the various points in connection with the several estimates in respect to the federal district commission. In point of fact we covered a great portion of this during a recent discussion in this house, and for that reason I am just going into a general outline which I feel will explain the estimates as they are presented.

The amounts required by the federal district commission for its regular administration and operations as distinct from its construction program and acquisition of properties are provided from three sources. One of these is a statutory grant of $300,000 provided under the present Federal District Commission Act. We are proposing to discontinue this grant under the new legislation. That, of course, has already been before the house and is presently before the other place.

The second source of moneys for operations and administration is the revenue earned by the commission from the rental of properties under its administration or from other operations such as the sale of nursery products to government departments and the provision of services to government departments for which payment is made to the commission. A nominal vote is included in the estimates to ensure that there is adequate statutory authority to use this revenue, as there is some doubt as to whether the present statute authorizes it. It is intended that this should be made clear in the revised statute.

The third source of moneys for operations and administration is items 314 and 316. As hon. gentlemen know, under the new statute these two items will be consolidated in one. Vote No. 314 for $600,000 is to enable the commission to carry out its statutory duties in the maintenance of operations and administration of the parks and parkways system and other works under its control, to enable it to carry on the maintenance and improvement of grounds surrounding government buildings in the capital area, and to meet the expenses of the national capital planning committee. These go beyond the purpose for which the commission was originally established and are responsibilities that extend beyond its own properties. In future it is proposed that these two votes may be grouped together as one for the purpose of simplifying the accounting and the work of control in connection with the appropriations.

As to construction programs, the acquisition of property and certain grants to municipalities under agreements to assist them in construction projects are met out of the national capital fund and more recently out of loans obtained from the crown for the acquisition of properties in advance of the time they are used by the commission for works of the commission. The national capital fund was established by vote No. 809 in the estimates of 1947-48. Since that time the sum of $2,500,000 has been included in the estimates each year to be put into the fund in accordance with the intention as stated by Right Hon. Mr. King at the time the fund was set up.

Last year that amount was included in the estimates but only $2,083,334 was actually paid into the fund. The reason the full amount was not paid in was that in the payment of moneys into this fund it was questionable whether it could properly be undertaken, in the circumstances, by governor general's warrants. Consequently parliament is being asked this year to revote this difference of $416,666 in the supplementary estimate, vote No. 590, together with an additional $400,000 which is being included to permit the acceleration of the construction program of the commission as an employment measure this year and particularly during the coming winter.

The main estimates, vote No. 317, provide for the eleventh instalment of $2,500,000 to be paid into the national capital fund. When the new legislation has been passed and the national capital commission has reviewed the program with the government, consideration should be given to deciding what future instalments should be paid into the national capital fund.

Another source of funds for the acquisition of properties by the commission consists of loans made from the crown under the authority of appropriations included in the category of loans, investments and advances in the estimates. Vote 509 in the main estimates this year proposes the granting of authority for the advancing of some $3 million to the commission for this purpose. These loans are designed to be used for acquiring property to be held by the commission which is not immediately needed by the commission for its projects; and when so used, for example in the creation of parks or the building of parkways or projects of that nature, the cost of the property must be charged to the national capital fund or other account for expenditures and the loans repaid.

With regard to the amounts of the votes requested this year and the nature of the programs for which they provide, questions were asked in this regard by the hon. member for Ottawa West. The main request, as found in vote 314, is for $600,000 to supplement the statutory grant of the commission, and this amount compares with some $307,648 last year. The reason for the increase is not the increase in expenditures of the commission for administration and the maintenance of parks and parkways; rather the chief cause of the increase is that there is not available for these expenditures this year much in the way of rental revenues from properties administered by the commission. As the committee knows, in the past this was an important source of funds for expenditures of the commission, but the accumulation made in earlier years has largely been used up and the revenues expected this year are only about the amount required to meet interest on the loans incurred by the commission to which we feel these rental revenues should be applied. This change in the revenue available for operating expenses accounts for some $215,000 of the increase in vote 314 over last year.

Of the actual increase in expenditures on operation and maintenance of parks and parkways, the increase is chiefly due to the increase in basic wages for the men working on the grounds maintained by the commission as well as additional areas under the control of the commission, including notably such things as the park at Hog's Back.

It will be noted that the vote for maintenance of government grounds adjoining public buildings is increased by some $42,000 over last year. The reasons for the increase here are similar to those to which I have already referred, namely the increase in wage rates of seasonal labourers in the area and also the additional amount of government property being looked after by the commission. Among these there are the grounds around the new government buildings in Hull, the post office and the printing bureau.

I should like to say a word now about the construction and property program of the commission. In that connection it is convenient to consider the expenditures from the national capital fund, including those made possible by the supplementary estimate as well as by vote 317. We are budgeting this year for a total expenditure from the national capital fund of some $4,045,000. This compares with budgeted expenditures from the fund last year of $3,053,000 and actual expenditures of $2,722,451.

I am not going into details with regard to the building program. The largest item, however, is the expenditure on the Gatineau parkway for which $1,400,000 is budgeted

this year compared with $800,000 last year. This program has been accelerated for employment reasons particularly in the winter time, as some of the work is suited to that period of the year. The work planned for this year on this project is to continue the development of a new stretch of the main parkway from Gamelin boulevard to join the Fortune lake parkway, to grade a section of the parkway from Old Chelsea to the Fortune lake parkway, to provide access to the latter and to survey and grade stretches of the road beyond the Fortune lake parkway as a continuation of the western arm of the Gatineau parkway system.

The next largest item of expenditure is that for the relocation of railway facilities in Ottawa and vicinity. It had been hoped to achieve agreement by this time with the railway companies for the joint operation of railway facilities in and around the city of Ottawa. Negotiations for this purpose have not yet been completed, as the committee knows. The $500,000 included for a limited program is about all that is possible this year pending the main agreement. Most of the other items in this year's budget are continuations of projects that have been in process for the last year or several years, and for that reason I do not intend to refer to them.

However, there are two new projects which I think I should bring to the attention of the committee. The first is a contribution to the city of Ottawa toward the cost of the Bronson avenue bridge across the Rideau canal and the F.D.C. driveways along that canal. Agreement has been reached with the city under which the F.D.C. will contribute 40 per cent of the total cost of this project, or approximately $640,000 of the total estimated cost of $1,600,000. I think the committee will agree that this is a fair division of costs bearing in mind the responsibilities of the federal government both in relation to the driveways and the canal over which the bridge must pass.

There is a further new project involving an amount of $75,000 for the first section of the eastern parkway. This is a major project, most of which will not be constructed for some years but the property for which has already been largely acquired. The commission has decided that it would be wise to construct as soon as possible the section between the Montreal road and the Ogilvy road to assist in solving the serious traffic problems in that general neighbourhood which have arisen partly as a result of the development of federal buildings in the area. It will also enable effective use to be made of the eastern end of the Queensway now under construction.

[Mr. Diefenbaker.]

Another item of construction involving an amount of $100,000 is for water and sewer facilities for lands owned by the commission in the industrial areas near Hurdman's bridge. Eventually some $500,000 will be invested in facilities for these industrial lands, and when they have been serviced the lands will be sold for industrial purposes or exchanged for lands owned by industries or businesses relocated in pursuance of the national capital plan.

Finally, there is an item involving funds to be loaned to the commission under the authority of vote 509 to acquire lands for parks, parkways and industrial sites in and around Ottawa and Hull, these lands being required to carry out the agreement reached among the commission and the federal government and the province of Ontario and the city of Ottawa for the construction of the Queensway, as well as for lands to be purchased in the green belt.

When the new legislation has been proclaimed, if passed by the other place, and the acquisition of property in the green belt proceeds in accordance with the policy which I placed before the house on June 18, it may be expected that the expenditures for such land will increase substantially. Additional lending authority is being asked by a further supplementary estimate to which I made reference when questioned the other day on this matter. The additional amount is $4.5 million in supplementary vote No. 509 for the purchase of property, and the additional appropriation is to provide for interest during the current year on these loans pending the determination of the rentals to be received by the commission from the leasing of these properties.

I have made this rather complete statement on the items with which I have dealt so the committee will have reasonably full information, the fullest I have been able to give, respecting those items which in particular are different from other years.

Mr. McIlraith: In view of the discussion on August 14 when the legislation dealing with the establishment of a new national capital commission was before the house, I do not have a great deal more to say today. There are one or two small points on which I desire some information, and I think it would be as well if I asked the questions I had in mind on item 314, which is the one now before us.

I wanted to be clear, first of all, about the latter part of the Prime Minister's statement this morning when he referred to item 509. As I understand it, that further supplementary estimate to which he made reference, but which is not yet before the committee,

makes the total amount available for the acquisition of properties, particularly with reference to the Queensway and the green belt, $7.5 million in this fiscal year?

Mr. Diefenbaker: That is right.

Mr. McIlraith: Then I wanted to clarify one other point about the Bronson avenue bridge. The Prime Minister made reference to the contribution of the federal district commission being 40 per cent of the cost of the bridge and approaches. Was I correct in that understanding?

Mr. Diefenbaker: It is 40 per cent of the total cost of the bridge.

Mr. McIlraith: And the approaches, too? They are rather lengthy and costly approaches.

Mr. Diefenbaker: As the hon. gentleman says, the commission shall pay to the city 40 per cent of the cost of the Bronson bridge and of the cost of its approaches thereto.

Mr. McIlraith: Now, then, is the federal government, through the Department of Transport, making a contribution as well? I understand it is?

Mr. Diefenbaker: Yes.

Mr. McIlraith: Then I wanted to address myself to one other problem. The green belt area, as announced by the Prime Minister on June 18 and to which reference was made in the debate on the legislation, is now clearly defined by a plan revised as of June, 1958 and printed. What I want to know from the Prime Minister at the moment is, has that plan been registered and expropriation proceedings commenced covering the green belt area?

Mr. Diefenbaker: No.

Mr. McIlraith: Then that brings me to the elaboration of a point I raised at the legislation stage. I shall try not to repeat the same point, but there is something more I want to say on the subject. I want to point out that with all the publicity given to the green belt and this announcement by the Prime Minister on June 18, 1958, it has become impossible for most persons residing in the green belt area, other than farmers, to use their land. The owners of these lands have been effectively stopped from using them, particularly those persons who are using their lands for subdivision developments. It will be recalled that this whole problem resulted from the unsupervised development of housing in that area.

I was going to ask the Prime Minister, now that a decision has been taken with respect to the filing of a plan, to proceed with the settlement of claims as quickly as it is possible to do so because the financial hardship suffered from what is in effect, from the point of view of the owners, an expropriation that has taken place without any settlement is quite severe. This is particularly true if the price of land continues to rise and these people are left without compensation for the lands taken from them. It simply means that those who do not have other financial resources cannot relocate and continue their business activities, thereby suffering heavy financial loss that is not contemplated or provided for by the expropriation legislation, and for which compensation cannot be made under the expropriation law. I should like to have some assurance from the Prime Minister that this point will be borne in mind, and that whatever action can be taken to prevent this occurrence will be taken in the immediate future.

Mr. Diefenbaker: I can certainly say to the hon. gentleman, Mr. Chairman, that with reasonable dispatch his views will receive support.

Mr. McIlraith: Then there are two particular questions about which I want some information. In his statement the Prime Minister referred to the decrease in rentals in this fiscal year. Would he tell the committee just what caused the decrease in rentals?

Mr. Diefenbaker: The reason is that the accumulated surplus in earlier years has been used up.

Mr. McIlraith: What I am getting at is this. Is the annual revenue from rentals decreasing, or is it that the fund which has been accumulated is decreasing?

Mr. Diefenbaker: It is the latter.

Mr. McIlraith: So there is no substantial decrease in the annual rentals. Then the next question has to do with the wording of item 314. If the Prime Minister will look at it, he will see that the last part of the item reads:

> —to authorize the payment of an honorarium at the rate of $10,000 per annum to the chairman of the federal district commission notwithstanding section 8 of the Federal District Commission Act.

Could the Prime Minister tell us today what he has in mind with reference to continuing the chairman of the federal district commission, so long as the act is in force, and what he contemplates as to the office of chairman when the new commission is set up; that is by way of permanency, salary and so on?

Mr. Diefenbaker: I hope, at the earliest possible date we shall be able to proclaim and proceed under the new act. In so far as the chairman of the commission is concerned, no consideration has been given to that matter.

General Kennedy, throughout the period of his service, has given well to the city of Ottawa and this country.

The question, however, as to the position of chairman has not received final attention as yet.

Mr. McIlraith: Has the question as to whether or not it will be a full time position received attention, or is that matter still unsettled?

Mr. Diefenbaker: That matter is still uncertain. But expressing my own view on the subject, having regard to a visit that I made to various parts of this area and the widening sphere of activity in connection with the commission, my own opinion at the moment—and I am not going to be bound by this in the future—is that it should be a full time job.

Mr. McIlraith: Mr. Chairman, I have just one more remark that I want to make on these items. It has to do, of course, with the employees. I will not repeat the remarks I made at the legislation stage when the national capital commission bill was before the house and the committee, other than to say that I regret very much that the government did not see fit to retain the legislative provision which would have provided for the new commission taking over the employees of the federal district commission.

Item agreed to.

Loans, Investments and Advances—Federal District Commision—

509. To provide for loans to the federal district commission (hereinafter called "the commission"), for the purpose of acquiring property in the national capital district that is not immediately required for the purposes of the commission; the loans to be made in such amounts and on such terms and conditions as the governor in council prescribes, except that when a property so acquired has been commenced to be used for a purpose of the commission, an amount equal to the cost of acquisition of the property shall be repaid from the national capital fund or other fund or account from which expenditures may be made for the purposes of the commission, $3,000,000.

Mr. Regier: I wonder whether the Prime Minister could inform the house how much has been lent to the federal district commission and how much is owing by the federal district commission at the present time to the federal government?

Mr. Diefenbaker: I have not those particulars at hand, Mr. Chairman. I will have to communicate with the officials. Toward the end of the consideration of these estimates I will have them. In the meantime we might proceed to other items.

Item agreed to.

[Mr. Diefenbaker.]

Federal District Commission—

590. To authorize further payment to the special account in the consolidated revenue fund, known as the national capital fund, established under vote 809, Appropriation Act No. 4, 1947-48, $816,666.

Mr. McIlraith: As I understand this item, it merely carries out the provisions of last year's estimates because of the legal doubt as to the authority of the governor general's warrant to provide that $2½ million. Is that correct?

Mr. Diefenbaker: That is correct; and the acceleration of the construction program.

Mr. McIlraith: How much of it is for acceleration?

Mr. Diefenbaker: $400,000.

Item agreed to.

303. To provide hereby, notwithstanding the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the Queen's privy council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $15,000.

Mr. Pickersgill: Mr. Chairman, on item 308 I have some questions I should like to raise. I do not know whether or not the Prime Minister wanted to make a statement on this item. If he wanted to do so I would of course yield to him at once.

Mr. Diefenbaker: I do not want to postpone the pleasure that I anticipate from the questions and observations of the hon. member, Mr. Chairman, but there was one announcement I wanted to make. It has to do with vote 313, which connected with the emergency defence measures organization. I commence by saying this. What we have done in this connection and what we are suggesting should be done does not in any way—and I emphasize this—indicate our greater fears of the possibility of war. But the responsibility rests with the government to assure that should that dread possibility take place, the organization of government has been planned for and assured in advance.

On May 13 last, when the estimates were tabled in the house, I made a brief statement on the work being done within the privy council office on measures to ensure the continuity of government and to meet the needs of the civilian population in the event of hostilities. I said then that if a major war occurred this continent would likely be under heavy attack, the war would reach maximum intensity almost immediately and in the civilian field as in the military there

would not be time then to prepare the defence measures needed. It is only prudent that we should make plans in peacetime for carrying on government should war come, and prepare the measures which will be necessary under such circumstances in order to supply our people with the necessities of life and to keep the nation together as an economic and political entity.

The vote provides $150,000 for preparatory work, not within the fields of particular departments, on emergency defence measures. At the time the estimates were tabled I undertook, within the limits dictated by considerations of security, to give the house further particulars about this item when it came up for consideration. Our main planning effort is at present concentrated on making plans to ensure the continuity of effective civil government in time of war, since the nature of specific measures to deal with the consequences of an attack on this country depends essentially on arrangements for necessary governmental organization to carry them out.

There are a number of functions of government that would be particularly essential in the early, intense period of nuclear war: general direction of the defence forces; conduct of foreign relations concerning the war; general direction of civil defence activities; preservation of law and order; provision and allocation of housing accommodation; provision and distribution of food, fuel, power and other essential supplies; provision and control of essential medical and public health services; maintenance and control of transport and communications facilities; basic management of public finances and whatever emergency financial measures are necessary to maintain the population and a workable economic system; direction and control of the production and distribution of various essential materials and services, including control of prices; and reemployment of manpower in accordance with emergency priorities.

In that connection I might say that the division of responsibilities among the various departments may be summarized in this way. The Department of National Defence would be concerned with the employment of the defence forces in aid of the civil authorities, particularly aid to the civil power; assistance to civil defence and assistance to the R.C.M. Police; bomb location, radiation monitoring, fall-out forecasts, and generally communications for these purposes.

The Department of External Affairs would be, of course, concerned with the conduct of foreign relations in war; wartime arrangements for foreign diplomats accredited to Canada, and in all cases communications for these purposes.

The Department of National Health and Welfare would be concerned with emergency health services including medical manpower and supplies; and under civil defence there are, of course, various headings which I am not going to place on the record unless asked to do so.

The Department of Justice would be concerned with legal action, legislative or executive, required for the preparation of emergency measures in peacetime and their implementation in war, as well as the necessary defence of Canada regulations. The Royal Canadian Mounted Police has as its responsibility the usual preservation of law and order, the prevention of sabotage and the apprehension of subversives.

The Department of Transport, of course, covers those matters peculiarly coming within the requirements of rail, air and water transportation, fuel requirements and procurement, the allocation and control of radio frequencies, and technical advice to other departments and to the emergency organization with respect to emergency communications generally.

The Department of Trade and Commerce will be concerned with the supply and distribution of those commodities which are of the essence; the Department of Defence Production, of course, with the procurement action to meet supply requirements. The Department of Agriculture will be concerned with agricultural production and the movement of food from farms into commercial channels and the protection of farms, crops and livestock against wartime hazards such as radiation; the Department of Finance with the general financing in wartime as between federal, provincial and municipal governments and moratoria problems and foreign exchange transactions; the Department of Labour with manpower, excluding medical personnel, and its allocation and movement; the Department of Public Works with emergency accommodation for government purposes, which matter is now receiving consideration by a committee set up for that purpose.

That in general summarizes some of the problems which will have to be met in connection with emergency planning at the present time. Then there is a further question which requires consideration, and that is the matter of censorship. An advisory committee of press and radio representatives was set up, I believe about 18 months ago, and plans will have to be made for censorship in a national emergency. Preparations

in respect of these plans have been under way in the privy council office for the period mentioned. The basic plan is intended to provide for the control of mail and telecommunications entering and leaving Canada in the event of war so as to assure security with respect to information likely to be of value to the enemy in obtaining intelligence for wartime purposes, in connection with matters coming within the purview of the censors. In the field of press and broadcasting the basic plan provides for voluntary censorship at the outset on much the same lines that were followed during world war II, but flexible enough to meet new conditions.

As this is basically a security and intelligence function involving contacts with similar planning groups in the United Kingdom and the United States, all I have been able to give at this time is a very limited account of this aspect of our planning. If such a war should end shortly after this early shock period, then there would have to be a period of rehabilitation and reconstruction during which the functions of government would be more varied and complex as the immediate tasks gave way to those with longer term aspects. If war continued, however, the problem of government would be very difficult, particularly having regard to the necessity of allocating our surviving resources, if I may use that expression, among competing civilian and military demands.

To permit the government to adapt itself to the variety of contingencies which might arise in another major war, it is also necessary to develop organizational arrangements which, as I said a moment ago, must be flexible. Considering the possibility that there would be little or no warning of attack and having regard to the vulnerability of our communication and transportation facilities, the normal peacetime arrangements for government would be inadequate in the event of a major war. There is therefore a need, in our opinion, for the development of a decentralized federal system of emergency government with central, regional and some zonal elements. We intend to provide for a suitable central authority and to establish provincial, regional and zonal organizations through which a large amount of the work of the federal government could be carried on in time of war by the necessary delegation of authority to federal officers. We recognize, of course, that the assistance and co-operation of provincial and municipal governments will be necessary in the development of the regional and zonal organizations, and I expect very shortly to approach the provincial authorities and provincial governments in this connection.

In so far as the central authority is concerned—and the plans are still in a flexible state—that authority would be based on a nucleus of ministers, officials, military officers and others at Ottawa and would operate, if necessary, with provision being made for such necessity through a number of dispersed locations outside of Ottawa.

As to the regional and zonal elements of organization, I think all hon. members will appreciate that it would be inappropriate, before discussions have been held with the provincial authorities, to say more than I have said in so far as the details are concerned.

The intention generally, however, is to have the federal regions correspond with the provincial boundaries as far as that is possible and practicable, and to recruit for each region on a stand-by basis a small staff of federal officers, mainly from the field organizations of the various federal departments who, in the event of war, would work in close co-operation with the essential elements of the provincial governments.

The zonal organizations may not be required everywhere in the country, but in the larger provinces at least there is a need for a level of wartime government to cover smaller areas than provinces but larger than the limits of one municipality. The zonal organization would require a mixed staff of federal and provincial officials as well as some representatives of elements of municipal governments within the zone.

Finally I would say that this concept of a decentralized federal system of emergency government, in which the provincial and municipal governments would be closely associated, will be sufficiently broad to accommodate considerable variation in its application to the differing situations across the country. It would also permit adjustment to whatever changes in civil defence policy arrangements might be considered desirable following the survey by General Graham as to civil defence requirements, announced to this house on June 11 last by the Minister of National Health and Welfare.

I think that in general represents a rather particular statement concerning a matter of which I gave the barest outline earlier this session. I dislike to repeat what I said at the beginning, but I feel that when announcements such as these are made there are some who might regard them as conveying potentialities which are not present. At the same time, the course of reality demands on the part of government the assurance to the people that should nuclear war come, government can be carried on.

Mr. Pearson: The Prime Minister has introduced into the quiet atmosphere of this committee a matter of—what shall I call it—almost cosmic importance. He has faced us

with a problem unprecedented in the sense that we have never had to face it before, and unprecedented also in the horrible possibilities involved in it. It is well, I think, that he should have done this in order that we may in this house and in the country be aware of the realities of the situation which faces us at the present time.

He has not only indicated the necessity of planning against this horrible eventuality, but he has also indicated that such planning is taking place. I have had some association with that planning in other years. Nothing could be much more important in the realm of government than to carry it forward; and while we all shrink from the possibility that these plans might have to be used, it is well that we should know about them in general terms—and that is the only way we should know about them, because no one in this committee wants to ask questions with regard to details which would contravene security.

The fact is that the plans with which some of us on this side were associated until a short time ago must be considered now, as in some respects at least, out of date. I presume the government and its advisers are aware of the developments which have made them out of date.

The Prime Minister has divided them into broad categories; plans for carrying on civil government in the emergency of nuclear war and—perhaps this is an aspect of the first category and not something to be repeated separately—plans for such things as the control and censorship of the press, radio and communications in time of war or war emergency. As far as these latter matters are concerned, those plans were drawn up a good many years ago after the second world war, and I suppose they have been kept up to date. All arrangements were made so they could be put into effect in those days, and I am sure that is true now, at a moment's notice. All details had been worked out so far as possible.

But the other plan, the far more important plan, for carrying on civil government itself in a time of nuclear warfare must, I am sure, have been altered in recent years because of the great increase in the capacity for destruction of weapons that could be launched against us. I have no doubt that the increase in this vote is for the purpose of altering, elaborating, and perhaps in some respects changing the nature of these plans, and as such I think this item should receive our support.

When I talk about an increase in destructive capacity in the last year or two which may have necessitated changes in plans, I need only say to the committee—and this shows what we should be up against were it to happen—that it would be possible now to drop one bomb or to launch one missile carrying as much destructive capacity as all the bombs or missiles dropped in the second world war by all the armies of both sides. If half a dozen of them were dropped on Canadian soil it makes one almost despair of the possibility of carrying on any form of government. We should not, of course, yield to that kind of despair, and for this reason plans are being made to deal with even that kind of emergency.

The Prime Minister has also mentioned plans for the restoration and rehabilitation of our country after that kind of attack. It is also wise to plan for that. Here again one almost falls into despair at contemplating the work of rehabilitation and restoration that would be required if this should ever happen. Nevertheless, as I have said, we have to plan for these things, and it is well that we should know what we are facing. I think the Prime Minister's remarks this morning are—perhaps "welcome" is not the right word—but perhaps it is as well that we should have had the opportunity of hearing them.

I should like also to suggest that those who are engaged on this essential work should keep in close touch with other governments, such as those of the United Kingdom and the United States, who are facing this problem and who have done perhaps as much as, if not more work than we have been able to do and who have greater resources for that purpose, so that we may benefit from their planning and from their experience. So far as experience is concerned, the United Kingdom had more of this, unhappily, than any other government on our side during the last war and they learned a great deal during that war.

When I was exposed to some of these bombing situations in world war II—and at times I was more uncomfortable than I was in the first world war—I learned to appreciate and admire not only the fortitude of the people of London but the way in which the government there had planned against that kind of emergency and were able to put those plans into effect. Of course that is all changed now, but I know they are changing their plans, too, and I am sure we are keeping in close touch with them.

Of course it is possible to make even the best plans which do not always work out in practice. Members of the committee will forgive me if I cite a personal illustration of this. At the beginning of the last war I was stationed in London when war was declared that fine September Sunday morning and the world changed. All arrangements had been

made in advance for the evacuation of the civil departments from London and for the evacuation of certain offices such as Canada House to the country. Two men in each office, the high commissioner and his secretary, had been given information as to what to do when the emergency occurred. However, we were given it in very guarded terms, and we were only told that when we got a signal we were to send an advance party to a certain spot on a map and they would get further instructions then where to go.

Our advance party was ready within a couple of hours of the declaration of war. We received a telephone call and sent the advance party to point X on the map, where they were to get further instructions; but the ordnance map was of 1921 vintage, and the pinpoint for further instructions had been made on that map. When our advance party got to this particular position the pinpoint, which was a house, was not there. It had disappeared some years before.

So there can be hitches even in the best of plans. That was a simple operation compared to that with which we will be faced if this dread emergency ever occurs now. It is well that we should be planning for it, but it is more important that we should be working in our respective ways to prevent a situation that will ever require these plans to be put into effect.

Mr. Fisher: These plans are certainly worthy of the comments made about them by the Leader of the Opposition. One point which I think is worth bringing to the attention of the Prime Minister at this time is that last week there was a meeting in the United States, I believe in Vermont, to go into all the effects of atomic radiation. I know that the meetings of scientists at Geneva in connection with detecting the testing of nuclear explosions were very important, but it was most disappointing to me to learn that Canada had no official representatives in attendance at the meeting considering the effects of atomic radiation. I understand there were only two government observers in attendance, but their role was that of observer.

In plans for the future concerning how civil government will continue one assumes that a major aspect of the problem will be instruction with regard to radiation and the effect of fall-out. The failure of the government to have an official representative at the Vermont meeting seemed to me an indication that in this area the government was not following things perhaps as closely as one might wish.

I wish to bring up a point which at first glance may appear to be rather petty and ticklish. It was noticed last year when statements were made in the United States that reflected on the political tenets and loyalty of the secretary of the privy council there were very sharp replies forthcoming from the Canadian government, which were quite appreciated, dismissing the whole idea and protesting against the views that were expressed.

Mr. Pickersgill: Mr. Chairman, if the hon. member is embarking on another subject I wonder if we cannot dispose of this subject on which I yielded to the Prime Minister, in order to dispose of it. I am not seeking to interrupt the hon. member for Port Arthur, but I had the floor first in committee and yielded to the Prime Minister to make a statement on this particular subject.

Mr. Fisher: On the particular subject about which I am speaking?

Mr. Pickersgill: Are you still speaking about the subject of future planning?

Mr. Fisher: No.

Mr. Pickersgill: That was my point.

Mr. Fisher: I will yield the floor.

Mr. Diefenbaker: Mr. Chairman, what has been said by the hon. member for Bonavista-Twillingate is correct. I want to hear the hon. member for Port Arthur as he explains his views in this connection at the conclusion of the discussion of this matter.

I wish to say to the Leader of the Opposition I appreciate the benefit of his ideas and the recital of his experiences. He suggested there should be very close co-operation and communication with the United States and United Kingdom, and I may say in reply that we are in close touch not only with the United Nations, the United States and the United Kingdom but with NATO as well. Canadian officials concerned with these matters visit London, Washington and Paris on these questions, and United States officials have come to Ottawa at our invitation to discuss relations between their plans and ours. In consideration of the suggestion of the Leader of the Opposition I thought I should point out that action in this regard is being taken.

Mr. Pickersgill: Mr. Chairman, I wonder if I may make a suggestion to the Prime Minister. I thought the item called was item No. 308. That is the item on which I wish to speak. But if the Prime Minister would wish you to call item No. 313 first in order that it might be passed that would be quite agreeable to me.

Mr. Diefenbaker: Yes, 313 could be called and passed.

The Chairman: Is the committee agreeable to taking item No. 313 before discussing item No. 308?

Some hon. Members: Agreed.

Item stands.

313. To provide for preparatory work, not within the fields of particular departments, on emergency defence measures, $150,000.

Mr. Regier: Mr. Chairman, before we pass item 313 may I say I share completely the views expressed by the Leader of the Opposition to the effect that he hopes, as we all hope, that everything possible will be done to avoid the need for putting into effect the planning that has been done. My question deals with powers. We have to realize that if an emergency of the type to which reference has been made occurs, there may be no one available to grant any authority. There may not be a governor in council or a privy council in existence, and there may not be any senior officials of any of our armed forces. That possibility exists. I therefore feel it is safe to say that in order to have any comprehensive value the plan requires that authority be granted in advance in peacetime in order to proceed with the plan under certain conditions. I should like the Prime Minister to tell us what legislation exists at this time under which such authority could be granted.

Mr. Diefenbaker: Mr. Chairman, I am sure the hon. gentleman realizes that powers cannot be granted in anticipation of an emergency. There is, of course, the War Measures Act which is still on the statute books of this country, under which provision is made in time of insurrection, war or the like for the necessary declaration; and naturally the effectuality of any assignment of jurisdiction would be subject to the declaration of that act or similar legislation.

Following the war there were successive statutes passed including the transitional powers act, the emergency powers act and the like which contained certain emergency powers during the period of reconstruction following the last war. But all action being taken by those concerned with the matter of providing in advance the necessary organization to assure a maximum degree of preparation would naturally be predicated on the declaration or proclamation of the War Measures Act.

Item agreed to.

The Chairman: Shall item 154 carry?

Mr. Pickersgill: Mr. Chairman, I thought it was understood that after item 313 you were going to call item 308.

308. To provide hereby, notwithstanding the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the Queen's privy council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $15,000.

The Chairman: Shall item 308 carry, then?

Mr. Pickersgill: Mr. Chairman, there are one or two questions I should like to put to the Prime Minister. This item seems to correspond with an item that appeared in the further supplementary estimates, No. 2, that were presented in the only session of the last parliament, which item was never called during the course of that parliament. However, since the estimates for this year show an amount of $11,668 I assume that some expenditure was made by virtue of the interim supply bills or the appropriation acts based on them. To put the three questions at once, I wonder whether the Prime Minister can tell us when those expenditures started, whether they have been carried on continuously since that time, and at what intervals payments are made.

Mr. Diefenbaker: Payments started following the passage of interim supply.

Mr. Pickersgill: That would be on October 17.

The Deputy Chairman: Shall vote 308 carry?

Mr. Pickersgill: No, there were two other questions. Have they been made continuously since that time, and at what intervals are they made?

Mr. Diefenbaker: The payments were continued so long as supply was available, and thereafter they were continued under governor general's warrants.

Mr. Pickersgill: So there has been continuous payment out of the vote last year, governor general's warrants, interim supply voted, speaking from recollection, on the fourth day of the last session and, since this session began, once more under an appropriation act. I thought that would be the correct information, but before making any observations I wanted to be quite sure that was the actual, factual state of affairs.

I have looked at the statement made by the Minister of Finance on October 17 in introducing the first interim supply motion in the last parliament. I cannot say that I have gone through it with a fine-tooth comb,

but I have gone pretty carefully through *Hansard* and I cannot find that the minister drew our attention to this item at any point. In other words, it was to be found in the estimates by those of us who were alert enough to see it, but anyone who was not alert enough did not have his attention drawn to this item by the Minister of Finance.

It is true, of course, that once the Appropriation Act was passed and this item was included the government had a perfectly valid, legal warrant for paying this money to these two gentlemen who had already been sworn of the privy council. There can be no question but that was the fact, even if one were not alert enough to notice the item. I draw attention to the fact that this is the kind of legislation to which one former member, who was considered distinguished enough to be offered the speakership by the Prime Minister, took exception over the years in other parliaments.

Mr. Diefenbaker: If the hon. gentleman is speaking about me, I at no time ever offered the speakership to anyone.

Mr. Pickersgill: Not to Mr. Knowles? I was referring, of course, to Mr. Knowles. In any case, this is really beside the point.

Mr. Diefenbaker: It is also beside the fact.

Mr. Pickersgill: I am not in the least concerned about getting into any controversy with the Prime Minister on that point, but I think it is an undoubted fact that over the years Mr. Knowles took exception to legislating by this particular means. I always thought his concern about the matter was exaggerated, but I have some grave misgivings about whether such concern is exaggerated in this particular instance, because here we are asked to do something which has always been done in the past by statute. When successive governments have sought to provide for additional members of the cabinet and their remuneration it has always been done in a very formal way by amendment to statutes or to the Salaries Act, though in the case of the Department of Defence Production my recollection is that it is done in that act and that the minister's salary does not appear in the Salaries Act.

But here a provision was made which is not and, of course, could not be of continuing effect because it lapsed when the interim supply lapsed and the legislative authority for making these payments lapsed. Therefore on January 31 when, if I am not mistaken, the supply voted by parliament lapsed, there was no further authority to pay salaries to the hon. member for Greenwood or the hon. member for St. John's West. Parliament had made no provision for paying salaries to these two ministers of the crown. The Prime Minister has told us that their salaries were subsequently continued through the use of governor general's warrants.

It seems to me, sir, that that in itself is a very extraordinary provision. We amended the Financial Administration Act the other day, and that time our attention was drawn rather particularly to the clause therein which states the reasons and circumstances under which these warrants can be used. We took out a rather antiquated reference to accidents to public works and so on, and I am not going to make anything of that because I thought the amendment was a perfectly sensible one. I am not seeking to debate this point, but merely to point out that under the amended section governor general's warrants may be used in these circumstances:

> Where a payment is urgently required for the public good when parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the governor in council, upon the report of the minister that there is no appropriation for the payment and the report of the appropriate minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the governor general authorizing the payment to be made out of the consolidated revenue fund.

I do not think by any stretch of the imagination it can be argued that this was an unforeseen situation. These gentlemen were already ministers. They were already drawing these allowances, and I suggest that there is very grave doubt that this was a proper use of governor general's warrants. In fact, sir, I would go so far as to say that it seems quite evident to me that it was a highly improper use of governor general's warrants.

The Prime Minister told us this morning how scrupulous he was about payments into the national capital fund, that he hesitated to use governor general's warrants for that purpose although in fact there was a statutory provision of a continuing nature that had been on the statutes for some considerable time. But, sir, that is not all. We have a payment not authorized in any way by parliament being made to two gentlemen who subsequently became candidates in a general election.

I would draw your attention, sir, to the provisions of the Canada Elections Act setting out the conditions of eligibility for parliament. Of course, as everyone knows one of the provisions respecting ineligibility as a candidate embraces the following persons:

> Every person accepting or holding any office, commission or employment, permanent or temporary, in the service of the government of Canada at the nomination of the crown or at the nomination of

any of the officers of the government of Canada, to which any salary, fee, wages, allowance, emolument or profit of any kind is attached—during the time he is so holding any such office, commission or employment.

Of course there is an exception. The exception is:

—a member of the Queen's privy council for Canada holding the recognized position of first minister, any person holding the office of president of the Queen's privy council for Canada or of Solicitor General, or any member of the Queen's privy council for Canada holding the office of a minister of the crown.

Then, of course, the specified offices are included in the Salaries Act. Of course this proposed provision in the appropriation act would not appear to me to have been necessary if these other provisions had been made.

Then, sir, this would appear to be not only an infringement of the Canada Elections Act, but it would also appear to be an infringement of the independence of parliament for those gentlemen to be sworn as members to sit in this parliament while receiving emoluments which were not provided by statute, and a statute which explicitly stated that they were exempt from the general provision. The general provision is contained in section 10 of the Senate and House of Commons Act, which reads:

(a) no person accepting or holding any office, commission or employment, permanent or temporary, in the service of the government of Canada, at the nomination of the crown or at the nomination of any of the officers of the government of Canada, to which any salary, fee, wages, allowance, emolument, or profit of any kind is attached—

Then some of the exceptions are spelled out, and in section 14 of the Senate and House of Commons Act it is provided also that anyone specially qualified by law to do so may hold such office. It seems to me, sir, that unless there is some statutory provision of which I am not aware—of course there might be, because I do not profess to have the learning of the Prime Minister or of the leader of the house in these matters—the provision by governor general's warrants of emoluments to a candidate for parliament, even though he was sworn of the privy council and perhaps even more so because he was sworn in as a privy councillor, disqualifies him from being a candidate at a general election according to the Canada Elections Act. I think if there might be any faint doubt about that there would not be the least doubt about the disqualification to sit in this parliament which is provided in the Senate and House of Commons Act.

I should like to say, before I continue with this matter, that I am not seeking to unseat the hon. member for Greenwood or the hon. member for St. John's West. I am not seeking to do anything other than point out what a dangerous thing it is to depart from the accepted precedents in these matters. As everyone knows, in King William's time and the early years of Queen Anne's reign this was the accepted way by which the king himself and later on the queen and her ministers could control parliament; that is, appoint as many members as possible to places of profit under the crown. It was in order to ensure the independence of parliament and to ensure that parliament could not be influenced in this fashion that the famous statute of Queen Anne was passed which made it necessary even for a minister of the crown to seek re-election after he had accepted a place of profit if he was already a member of parliament.

It will be recalled that in 1925 Mr. Mackenzie King was defeated in North York and was unable to take his seat. He subsequently got a seat in Prince Albert. He was, of course, the prime minister at that time. Later in that year, when Mr. Meighen accepted the governor general's request to form a government, he vacated his seat and was out of parliament at the time his government was defeated.

Since the amendment that was made at the instance of Mr. Bennett in 1931 it has not been necessary for a member of this house, who has been duly elected, to go back and be re-elected by his constituents after accepting a place of profit provided by law. I do not believe that is the kind of legislation that would likely have been introduced by a Liberal government, but it has not been repealed. It is the law.

Again, I am not seeking to divert the argument from the main point. In my experience, and it goes back now for quite a long time, on every occasion on which there has been any change in the ministry involving the provision of any kind of emolument that has been done by following the proper procedure. It is quite true that members of this house may become ministers without portfolio, and there were many cases in which that happened under previous administrations, but such a minister would not vacate his seat because he received no emolument. It is the receipt of the emolument that is the disqualifying feature.

I am not aware that there was ever any provision made whereby any emolument of this character could be paid unless there was a statutory provision therefor. I admit at once that there was a statutory provision of a very questionable character, and I mean questionable not in law but constitutionally questionable. If there has been any negligence,

then I have to take some share of the responsibility, and I do. If by passing these successive interim supply bills and making them into statutes we were giving any countenance to this kind of practice, then we have to accept responsibility. I do not question the legality of the payments that were made between October 17 and January 31. I do not think there is any question about the complete legality of those payments. I do very seriously question the constitutionality of that form of procedure.

I remember, sir, the great care with which Mr. St. Laurent and Mr. Mackenzie King introduced legislation into parliament covering any changes in the ministry. I recall how amendments were made to the Salaries Act and everything was kept regular and proper so there would be no doubt about who was receiving emoluments under the crown. In the light of that earlier practice I believe this was a very questionable procedure to have followed. As I say, I have to take some share of the responsibility for not having noticed it, not having brought it to parliament's attention last October. To the extent I am to blame, I accept that blame. I must say, sir, that it was only very recently, in looking over this item that it suddenly occurred to me to wonder what could be the foundation for the continuation of these payments.

It is one thing to ask parliament, even in this manner, to approve of a procedure which really does not tell us what is being done. The government can say that at least it was in the estimates; we were shown it. It is one thing to tell parliament that these things are going to be done and get some kind of limited sanction from parliament for doing them, but it is another thing to provide additional emoluments, for the governor in council to provide additional emoluments to two of its members by governor general's warrant after parliament has been dissolved in a summary fashion, and when there was no supply whatever for carrying on Her Majesty's business.

The financing of all Her Majesty's business in the months of February and March was being carried on by governor general's warrants, by order in council. Every dollar that was spent in the months of February and March was spent by a government which at that time did not even have a majority nor parliamentary backing. Of course it is very easy for the Prime Minister to say that they got away with it and that they obtained a huge majority; that is true. For three and a half months they carried on the business of this country by order in council and spent the people's money by order in council.

[Mr. Pickersgill.]

For these gentlemen to hand out money to two of themselves, to two members of the council by order in council, without any legislative sanction whatsoever, without any statutory foundation for it that I have been able to find, seems to me in itself to be an extremely serious abuse. But for those two gentlemen in receipt of those amounts to become parliamentary candidates in apparent defiance of the law is a matter for comment; and I say "apparent" because I do not want to be unfair; if there is something I have neglected my face may be a bit red and I shall have to take the consequences. For those two gentlemen to be accepting emoluments which they handed out themselves by order in council at a time when there was no parliament in this country, and then to become parliamentary candidates while they were in receipt of emoluments from the crown in defiance of the Canada Elections Act seems to me an extraordinary procedure.

I do not suppose for a minute that the hon. member for Greenwood ever thought of this situation. I am perfectly certain that if he had ever thought of it, it would have worried him very much indeed. I am sure the same is true of the hon. member for St. John's West. It may be—and I say it again—that there is some legal explanation of this matter of which I am unaware. However, I have tried very hard and have been unble to find any.

But then, Mr. Chairman, it is not only that matter to which I direct attention. These gentlemen were elected to parliament by, I believe, substantial majorities. I am not seeking to upset those elections at all. Those gentlemen are here now. However, they came into this house and they took their oath as members of the house in apparent—and again I say "apparent" because there may conceivably be something about which I do not know—disregard of the Senate and House of Commons Act.

Mr. Chairman, in these circumstances and in view of what has happened in this case, even if there is some obscure provision somewhere in the law that somebody has dug up in an attempt to justify this rather underhand method of procedure, this rather extraordinary way of carrying on; even if some kind of obscure sanction or apparent sanction for it can be found, it seems to me that it is still highly objectionable from a constitutional point of view.

It seems to me that if there is to be that responsibility to the legislature which is the foundation of our system of responsible government, and which differentiates our system of government from that of other countries except those who have copied our system,

even if there is some obscure justification for this procedure it is still very bad indeed constitutionally.

If the government at the beginning of the session last October had come in and introduced a bill to provide salaries under the Salaries Act for two ministers without portfolio, there might have been a few days' debate about the matter and some question might have been raised as to whether this unprecedented increase in the number of cabinet ministers was really justified. I also think some of us from the province of Newfoundland would perhaps have wondered why the minister from that province should not have a portfolio, something which I think he should have and which I think he is well qualified to hold. I do not think there is much doubt that if that had been done the government would have been successful in getting parliamentary approval for such an amendment to the Salaries Act which would have made this whole procedure regular both then and in the future.

But it seems to me that, in the first place, it was an extraordinary thing. As he always does, the Minister of Finance, when he spoke on October 16, made a great deal of how he was not hiding anything, of how everything was being brought out into the open and all our rights were being safeguarded. I should like to draw attention to two references. One is to be found at pages 65 and 66 of *Hansard*. I have the unrevised edition but I imagine that the pages are the same in both editions. The Minister of Finance said:

> We intend to be jealous to preserve the rights of the house with respect to the control of public expenditure. I assure the committee that it is not, by the measure to be introduced today, being asked to give final and complete approval to any item.

I stress that language:

> —is not . . . being asked to give final and complete approval to any item.

He continued:

> In this respect I would remind the committee that there were a few items which were finally approved by the old parliament.

That is not of significance. He continued:

> Those, of course, are law today and they will not be reopened. But with respect to all the other items the house is not being asked to give final approval to the total amount involved in any item—

I do not think I need go beyond that; I would just be trespassing on the time of the committee. Then as found on page 84 of *Hansard*, when he was replying to something that had been said by Mr. Sinclair, he said:

> I simply make this observation in passing, that no item is being passed finally today. If the measure the government has introduced passes there is no final decision on any item.

Hence by no stretch of the imagination can it be argued that any parliamentary approval was given to this practice except in the very limited sense that in the former parliament there were repeated supply bills the financial provisions of which all expired on January 31. As I say, I do not make too much of that matter. What I really think is objectionable is this: first, the use of governor general's warrants, of payment by order in council; second, the gentlemen being candidates when they were receiving emoluments under the crown; and third, becoming members of parliament when they were receiving emoluments under the crown which do not appear to be founded in law.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Diefenbaker: Mr. Chairman, the hon. member for Bonavista-Twillingate has raised an interesting argument, though he did not do so with the certainty which ordinarily characterizes his speeches. As I listened to him I was reminded of the prime minister in respect of whom he is about to write a biography, a prime minister he served so faithfully and well for so long and who upon occasion raised these constitutional arguments, once with tremendous success, namely at the time of the Byng incident.

It was interesting to follow the hon. member as he surrounded his statements with an aura of disclaimers and qualifiers. He loaded his argument with escape clauses, but he was not quite as certain of the stand he took as he would lead us to believe. Indeed, he was in the position of having himself belonged to a government which approved a similar provision to that contained in item 308, and this necessitated a rather apologetic attitude when he raised this constitutional issue.

I will have to go back quite a long way because the hon. member has invariably spoken in the highest terms of the legal capacity and attainments of Mr. St. Laurent, in which respect I agree with him. I have here the estimates for the fiscal year ending March 31, 1956, and have particular reference to item 199 thereof. Hon. members will have noted that one of his arguments was that the item in question today, item 308, is wrong in principle. It reads—

Mr. Pickersgill: I might save the Prime Minister a lot of time by saying that I attach no great importance to that argument.

Mr. Diefenbaker: I am glad to hear that.

An hon. Member: He attaches no importance to any principle.

Mr. Diefenbaker: Then we begin to realize exactly what is his position. He attaches no importance to that—

Mr. Pickersgill: My position is that a statute is a statute.

Mr. Diefenbaker: He attaches no importance to anything in respect of which he finds himself in the position of having been a major offender, if indeed there is any wrongdoing involved.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Item 308 reads:

To provide hereby, notwithstanding the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the Queen's privy council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year.

He says that is wrong, and to do it that way is unconstitutional, but when he was a member of the former government that is exactly what they did. As a matter of fact I ask hon. members to look at item 199 in the estimates of 1956, which apparently the hon. member overlooked—

Mr. Pickersgill: Is that for the year 1956 or 1957?

Mr. Diefenbaker: The year 1956.

Mr. Pickersgill: I would point out that the fiscal year is either for 1955-56 or 1956-57.

Mr. Diefenbaker: The estimates for the fiscal year ending March 31, 1956.

Mr. Pickersgill: That is 1955-56.

Mr. Diefenbaker: Yes. I am glad my hon. friend is becoming more careful about these finer details. Item 199 reads:

To provide, notwithstanding anything in the Senate and House of Commons Act, the Financial Administration Act or any other act, for payment of indemnity during the present and subsequent fiscal years, on the recommendation of the board of internal economy and in such amount as the treasury board may direct, to or in respect of a member of the House of Commons for each day on which that member did not attend a sitting of the House of Commons because of public or official business—

And so on. Then it goes on to say that the person concerned shall now receive his payment, and the total amount of the estimate was $2,120,000. So when the hon. member complains about this item in its present form

—and I followed his constitutional argument with interest—I have but to turn to the item in question for 1955-56 to find that exactly the same course was followed as that which we are now following.

Mr. Pickersgill: Not at all.

Mr. Diefenbaker: Let us pass on to the next point. I listened with interest when the hon. member spoke with real feeling about the maintaining of parliamentary traditions. He says we must not depart from parliamentary traditions, but if ever a member belonged to a government which did much in that direction, that member is the hon. member for Bonavista-Twillingate. As he spoke I thought of Mary I, who said that when she passed away, Calais would be written on her heart. Parliament and the derogation of the rights of parliament will certainly be written on the heart of the hon. member, because with his constitutional knowledge he knew better, when over and over again he allowed the traducement of parliament.

In what we have done we have followed the accepted practice, and if there is any question as to regularity then there is a simple way in which to determine the answer, and that is through the courts of the land. No one can finally determine, without recourse to the courts, the meaning of these expressions in the Senate and House of Commons Act. I have in my hand the provision in question which was read into the record by the hon. member today, namely section 14, which reads as follows:

Nothing in this act renders ineligible, as aforesaid, any person, member of the Queen's privy council, holding the recognized position of first minister, president of the Queen's privy council for Canada, minister of finance, minister of justice—

And so on.

—or solicitor general, or any office that is hereafter created—

Mr. Chairman, it has never been defined that one who holds the position of minister without portfolio, under circumstances similar to the case under discussion, does not come within the meaning of those words. The courts of the land can determine the answer finally and absolutely, and I therefore say that in connection with the provision of salaries for ministers without portfolio the payments under this item in the estimates represent the course which was previously followed and, to a large extent, the wording used in the case of parliamentary assistants, whose legal position is somewhat analogous to that of ministers. The practice of providing for such officers of the state was initiated, as I recall, by Right Hon. Mr. King by means of an item in the estimates.

That is my recollection. There seems no doubt about the legality of providing for these salaries by means of estimates. For many years parliament has passed items having legal effect as well as having a purely appropriating effect. To what extent this practice should be carried is a matter of judgment and what I might call parliamentary good taste. We felt that past practice had sanctioned the judgment we exercised in this case, as similar action had been exercised in the past by others who were then in power. If I had had any doubt as to the constitutional situation I certainly would have ensured an examination by the law offices of the crown.

I think the hon. gentleman in raising this argument realized that there are two sides to it. I believe that in fairness to him it can be said that he realizes that this course had been taken in the past and that it had not been challenged in any way. The effect is that of a pathway which in the intervening years has become a regular highway. But if there is any weakness in this regard I am sure none of us would wish parliament to follow a course taken in the past unless it is correct. It could be very simply ascertained, then, and the necessary statute could be brought into being to cover the situation.

If the hon. gentleman's stand is correct, then for a period of several years 13 or 14 members of this house holding positions as parliamentary assistants during those years and in each of those years automatically place themselves in the position of being unable to establish their eligibility as members of the House of Commons and, indeed, would have forfeited their seats in the house.

That is why the hon. gentleman was so careful, and why he had good reason to say, "Remember, my face may be red if there is anything that can be brought up which will cast doubt on the formula I am advancing." I simply say that I would expect his face to be red, because we have only followed the course which his government followed over the years without any challenge heretofore, particularly by anyone like the hon. gentleman who is such constitutional authority and who for so many years was associated with Right Hon. Mr. King, whose constitutional knowledge was, indeed, one of those things of which he was most proud.

It will be noted that the wording of the item includes specifically a safeguard to ensure that the payment shall in no way render a member ineligible or disqualify him as a member of the House of Commons. While there may be some doubt as to whether this exact wording is strictly necessary in the light of section 14 of the Senate and House of Commons Act to which I have already referred, none the less out of an abundance of caution this insertion was included with regard to this item in the estimates.

Of course, having gone that far in his argument the hon. gentleman had to go the full limit. He then raised the question of the position of these ministers as candidates under the provisions of the Canada Elections Act. He pointed out that if they had accepted payments after the dissolution of the house on February 1 and if they had received payments under the provision of governor general's warrants, they would find themselves in a difficult position. I am not going to argue that, because of the fact that they were not paid under governor general's warrants in the months of February and March. No payments under governor general's warrants were made to them because of the very point he has suggested with regard to their eligibility being subject to challenge.

Mr. Pickersgill: Would the Prime Minister permit a question?

Mr. Diefenbaker: In just a moment. No payments were made until after supply was passed in due course in the month of May.

Mr. Pickersgill: The Prime Minister will perhaps recall that I asked that very specific question before I embarked on my argument, because I did not feel it would have been proper to have trespassed on the time of the committee before doing so. If the Prime Minister had told me what I asked him at the beginning it would have been a different matter, but the Prime Minister told me, I think, that these ministers were paid under governor general's warrant. If he had told me they were not I will admit there would not have been much to my argument.

Mr. Diefenbaker: I correct that to this extent, because of the answer I gave the hon. gentleman a few moments ago. Payments were not made in April and May. I am glad the hon. member brought this to my attention, because I had the wrong two months when he spoke a moment or two ago, and I am glad of that question because he cleared it up in accordance with the point he now makes and the answer which I gave him this morning.

Going further, the hon. gentleman has raised the question of the position of these ministers as candidates under the Canada Elections Act. Why did he not challenge that position? He has the courts. If this argument is other than a debating argument, very simple action can be taken with regard to it.

I am not here for the purpose of saying whether or not the controverted elections

act does cover a situation such as this, or whether it is within the actual time limit, but it is for the courts to determine the question of eligibility in this situation. Eligibility cannot be determined on the basis of arguments in the House of Commons, and I suggest to the hon. gentleman that while payments were made in February and March there would be no contravention whatsoever of the Senate and House of Commons Act because during that period they were no longer members and, therefore, any payments which were made would in no way effect their eligibility. They became members following the election of March 31, and after that date, as I said a moment ago, payments were made following the vote of supply.

In February and March there could be no contravention, since those concerned were not members. I say this to the hon. gentleman. On the basis of the experience of the past, certainly the records indicate that a similar course was followed. Where is there any basis whatsoever for statements such as he made in the course of his argument? I think he had been working on this. He said it was underhand. There is nothing much underhand when you set it out in detail giving full particulars. Nothing was concealed. I have never known of underhand conduct where the fact is advertised in full detail in the estimates, as it is on this occasion.

I suggest to the hon. gentleman that he made a very good speech. He loudly vociferously upheld the prerogatives of this parliament. I want them upheld. I was interested in his argument. It is a matter for the law officers of the crown. Now it is a matter, of course, for the courts of the land. If there is any foundation, the hon. gentleman has his recourse.

But, you see, he will not take that course. He says it is wrong. He says he is shocked. His finer sensibilities are acerbated at such conduct, but he says, "Remember, I want the hon. member for Greenwood to remain. I do not want him put out. I do not want the hon. member for St. John's West put out. It is all wrong. Parliament has been travestied. All I want to do is make an argument. I do not want to act, either through the courts or through parliament."

The reason for that attitude and that stand was simply this. The hon. gentleman either knew that the same course was followed in the past by the government of which he was so distinguished a member, or he had forgotten. I care not which of the two stands he takes. If he forgot, I am sure that having had this brought to his attention—and apparently he did not know about it because he wanted it particularized—he will agree he is answered by what he himself did as a member of the government in the past. I know him well enough to say that.

He is an hon. member whose parliamentary capacity I value highly. His presence here is something which I must say is always most helpful and beneficial in discussions of these intricate matters. That being so and the hon. gentleman now realizing what was done in the past, I am sure he will not press unnecessarily the expression of the viewpoint he voiced this morning; because, after all, he realizes that his argument was a little weak in view of the fact that every paragraph has within it an escape hatch through which he can find his way provided this side of the house should be able to produce the experience of the past as an answer to the practice of the present.

Mr. Pickersgill: Mr. Chairman, I have listened with even more than my usual admiration to the Prime Minister's effort this afternoon. I can easily see, sir, why I can never hope to emulate the Prime Minister because I am one of those simple, plain people who seems to be rooted to the facts and who in pursuing an argument sticks to the argument. It seemed to me that as the Prime Minister moved from one irrelevancy to another, from one diversion to another, he realized he had no argument at all.

I gave the Prime Minister an opportunity when he first started to speak by saying I attached no particular importance to this question of legislating in supply bills. That will be found in *Hansard*. I said there was no doubt that what was done in the last parliament was legal—and this, too, will be found in *Hansard*—and that up until January 31 there was no doubt that these hon. gentlemen were legally paid by a means of legislation, and I apologize for the word, sir, if it is not parliamentary and if it is I will substitute something for it—which I repeat I think was put over us in a rather—underhand fashion. I think the Prime Minister or the Minister of Finance should have drawn particular attention to this item last October. I know that Mr. St. Laurent introduced provisions for salaries for ministers who had never been provided for before on several occasions, and I also know Mr. King did it, but they never did it by bringing in a supplementary estimate and saying nothing about it and throwing on the opposition as the Prime Minister has done in his speech the responsibility to find that out for themselves or, if they could not, to have it overlooked.

I took my share of the blame for overlooking it, but it seems to me the first responsibility of any prime minister, and particularly of one who has made the professions the present Prime Minister has of devotion

to parliament and to our parliamentary institutions, is surely to draw attention to any change in the emoluments of the ministers. Ministers are not like parliamentary assistants. It is the ministers who advise the crown, who determine these matters and who decide what they will recommend to parliament as what they shall get themselves. What they were doing here was recommending that they be paid an additional salary which was never drawn to the attention of parliament except by being printed in the further supplementary estimates No. 2 last year.

Mr. Diefenbaker: What were the terms that were so underhanded? Does the hon. gentleman have it?

Mr. Pickersgill: If the Prime Minister is objecting to the word "underhand" I shall withdraw it.

Mr. Diefenbaker: No, I do not, but I am interested in knowing how the terms failed in setting out full particulars.

Mr. Pickersgill: I believe I have the item.

Mr. Diefenbaker: Would the hon. gentleman read the terms and tell us how they concealed the facts?

Mr. Pickersgill: Yes, Mr. Chairman, I shall be happy to read it. I believe the terms are precisely the same as in the item before us. I do not appear to be able to locate it on my desk, but in any event I believe it is in the same terms as the present item, and I admit the perfect legality of it. On that point there is no disagreement between the Prime Minister and me.

Mr. Diefenbaker: Mr. Chairman, may I ask the hon. gentleman this question. He admits the legality of it. Does he not also admit that in the supplementary estimate last fall it was stated that the additional amount was for salaries for ministers without portfolio?

Mr. Pickersgill: Oh, quite.

Mr. Diefenbaker: Pardon?

Mr. Pickersgill: There is no quarrel on that between us, Mr. Chairman.

Mr. Diefenbaker: Then what did we conceal from you?

Mr. Pickersgill: Perhaps the Prime Minister would let me proceed to explain.

Mr. Diefenbaker: Yes, surely.

Mr. Pickersgill: I am sure the Prime Minister will agree that this is not a simple matter.

Mr. Diefenbaker: No.

Mr. Pickersgill: I am sure he will agree this is not an easy matter and it is not easy for a novice like me—

Mr. Ricard: Hear, hear.

Mr. Pickersgill: —to have to argue against so eminent a counsel as the Prime Minister.

Mr. Harkness: We know something of your simplicity, but don't emphasize the fact.

Mr. Pickersgill: As a matter of fact, sir, I believe there are more interesting things to talk about than me.

Mr. Harkness: I agree.

Mr. Pickersgill: I said and I repeat, sir, that I think this was an undesirable way of legislating, but it was a legal way of legislating and I never questioned that. I did say that Mr. Knowles had questioned this kind of legislation and I thought he had gone much too far. I also said I thought that in respect of remuneration for a minister of the crown it should not be handled in this fashion. Moreover, this committee or the committee of the previous parliament never discussed this item. The Prime Minister knows that. There was never any discussion of it. There was never a vote for the whole year. There were only fractions until January 31.

I objected to several things in principle. On one of these the Prime Minister has completely satisfied me; that is the point about the second governor general's warrant after April 1. If there was no payment after April 1 then my case on that point falls to the ground. I endeavoured to find that out from the Prime Minister before I began my speech, because I did not wish to waste the time of the committee on something that was not relevant, and his assurance since then satisfies me completely on that point.

But what was the most serious thing of all in my opinion was that on February 1 the previous parliament was dissolved without this item ever having been passed. Fractions of it were passed but the whole item was never passed. There was no legal basis for paying ministers without portfolio from February 1 on. There was no legal warrant, and parliament had done nothing to justify paying them after midnight on January 31. We had parliament dissolved, of course, in a fashion that might have been more difficult if Mr. King had not taken the stand he did in 1926. Since the Prime Minister referred to it, I refer to it. But in any case, as I say, I do not want—

Mr. Diefenbaker: I wish the hon. gentleman would—

Mr. Pickersgill: Oh, I am sure the Prime Minister does, and I am not going to respond

to his invitation. The Prime Minister would much prefer me to talk about something else than about this matter. Here is the situation, and I am going to use, as nearly as I can, the same terms that I used before lunch. On February 1 and from then until March 31 these gentlemen who had dissolved parliament, who were spending billions of dollars of the taxpayers' money by order in council, also dished out by order in council a further sum for two of their members when there was no statutory basis of any description for such action.

The Prime Minister did not say anything about it, but I also read the passage from the Financial Administration Act justifying governor general's warrants. Under that provision a minister has to certify that the payment is urgently required for the public good. There might have been some difference of opinion whether it was urgently required for the public good that we should have ministers without portfolio at all, but I suggest that is really a matter for parliament. There was no appropriation for payment, and the Prime Minister certainly would not have asked for a governor general's warrant if there had been any. There must be a report from the appropriate minister that the payment is urgently required for the public good.

Well, sir, if the Prime Minister did not think it was urgently required for the public good—he told us earlier today that he thought there was some question about it—to make payments into the national capital fund when parliament was not in session, even though the fund had been in operation for a number of years in a statutory way under the same kind of statute as this, it does not seem to me that there was any kind of excuse under the law for these payments under governor general's warrant to two members of the government.

The Prime Minister has produced an analogy, of course, on which I am not going to waste any time because it is not an analogy at all. The item he dug up in the estimates for 1955-56 has no more relevance to the subject before the house than the phony precedents we had the other day when the hon. member for Ottawa West brought up the question of the F.D.C. employees. I do not accept it at all.

There is perhaps a little argument in the Prime Minister's reference to the provision for parliamentary assistants. I should like to recall to the Prime Minister's mind in that context that when parliamentary assistants were first provided for, Mr. Mackenzie King did not appoint them on the basis of voting one-twelfth of the amount. They were not appointed until the full estimate had been debated and approved in parliament, and was a statute for one year.

It is quite true that the remuneration was voted from year to year and that there is no continuing statutory provision for parliamentary assistants. I am speaking from memory now, but I think that has always been true. However, I may say that neither Mr. St. Laurent nor Mr. Mackenzie King ever asked parliament to vote sums of money as we were asked to do the other day when we were ineffectual in our attempt to reduce the amount, that could not properly be spent in this field.

What I am saying is that it is the use in the first place of governor general's warrants to pay ministers, with no statutory foundation for it whatsoever, as the Prime Minister admitted was done, that is perhaps the most serious of all the objections I have. Second, I am still of the opinion—and the fact that the Prime Minister skated all around this point makes me more confident than I was right before lunch—that the hon. member for Greenwood and the hon. member for St. John's West were probably—I say "probably" because I do not like to pretend to be certain of things about which I am not certain—in contravention of the Canada Elections Act because they were receiving emoluments from the crown under governor general's warrants at the time they were candidates.

I say "probably", and I welcome the Prime Minister's offer to get an opinion from the law officers of the crown on this point; because while I have no intention and the Prime Minister knows I have no intention of taking this into the courts—I do not really think that argument was quite worthy of the Prime Minister—

Mr. Diefenbaker: Is that not the place?

Mr. Pickersgill: No, that is not the place. Here we are in what the Prime Minister's predecessor as leader of his party used to describe over and over again as the highest court in the land. Personally I know that the parliament of Canada is not a court. The parliament of England is a court but the parliament of Canada, particularly this house, is not a court. The Prime Minister knows that, and I do not think he has ever used the words of his predecessor that the parliament of Canada is the highest court in the land. However, certainly it is the highest assembly in the land and the historic basis of this assembly, the reason its ancestor in Britain was called together in the first place, was the desire of the crown to get funds from the subjects to carry on the government.

The crown today is represented in this house by the crown's first minister, and he is now craving our support for an item of $15,000 as remuneration for two members of his government who have no statutory basis for their remuneration. That is what we are being asked to do in this item. We are being asked to provide funds until March 31, when there will again be no statutory basis. We, the elected representatives of the people, are being asked to vote this money.

Mr. Diefenbaker: Could I ask the hon. gentleman a question? I do not know the answer to this myself. Did he not say a while ago that there was a statute creating parliamentary assistants?

Mr. Pickersgill: Oh, no, not at all, except to this extent; that there was an appropriation act, which is a statute, but I did not make the statement to begin with. I said that the appropriation for the full year had been passed, not just a fraction of it as happened last fall in this case, and it was done after a full debate in the house, which I remember personally though I was not in the house. Therefore there is no analogy there.

I come back again to the fact that we are being asked at this time to vote $15,000 to pay these two very estimable gentlemen who are members of the government and for whom the previous parliament had made no continuing provision. That is what we are being asked to do. That is what the Prime Minister has us here to do at this moment. What I am saying is this. The government anticipated two things. They anticipated that they would want to continue to pay these ministers and they anticipated correctly that they were going to win a victory at the polls. Therefore they paid these two gentlemen by governor general's warrants.

I say that was something no government should have done, that the last thing a government should do without parliamentary authority is to make payments to its own members. That is what was done by these governor general's warrants. That is the last thing a government should do. To make payment to their friends would be bad enough but to make payment to themselves is much worse, and that is what they were doing. They sat there in cabinet meeting some time between February 1 and March 31 and said, "Well, we will give these fellows a little dividend to help them out until the election." That is what happened. Perhaps I have put it rather crudely, as some of our constituents might have put it, but that is what happened and there is no getting around it.

On the point of whether this disqualified the hon. member for Greenwood from being a candidate, it is my opinion on reading the statute that it would appear to have done so. But I welcome the Prime Minister's offer to get us a formal opinion on the subject from the law officers of the crown. I will not say anything more about it until we have that opinion, because I certainly would not wish to set up my opinion against theirs.

Now, sir, if the hon. gentlemen were improperly elected because they were unqualified to be elected, and if at the time they were elected they were receiving an emolument from the crown, as has been admitted they were, it would appear to me that there would still be a pretty strong argument that, even if they did not receive any further emolument between the date of their election and the date of the passing of the first interim supply bill, they were nevertheless improperly elected and should not have been here. There again I am not going to pit my opinion against the opinion of the law officers of the crown. I would very much welcome, because I think this is a very interesting and important constitutional point, having that opinion.

One thing upon which nobody needs an opinion, one thing that is within the jurisdiction of this house, is the question of whether or not we are going to condone the practice of the members of the government handing out sums of money to themselves by the use of governor general's warrants at a time when there is no parliament. As the Prime Minister has told us, that is what did happen in this case. I think it casts very grave doubt upon the position of both hon. gentlemen in the house. About this one point there seems to be no controversy whatever. It does seem to me that the sooner the government introduces proper legislation to regularize this situation and bring any remuneration that is paid to ministers without portfolio under the Salaries Act, as is done in the case of other ministers, the sooner we will remove any chance—

Mr. Diefenbaker: What about parliamentary assistants?

Mr. Pickersgill: I think if we are going to continue having parliamentary assistants we can say that the experimental phase, from 1942 to 1958, is over and that we might now take the risk of having permanent legislation on this subject. Since the Prime Minister has mentioned the subject, I might say that it appears the experimental phase is not over. We have the absolutely preposterous situation, and I am glad the Prime Minister reminded me of it, of $56,000 having been voted by this committee to pay parliamentary assistants who do not exist and who cannot possibly receive a good part of that sum. However, the government insisted on ramming that through over our objections. On the

other hand we have two ministers receiving money that has never been voted by parliament. It seems to me this is really worthy of Alice in Wonderland or Through the Looking Glass.

Mr. Pearson: Before we leave this particular point, I think it has been made quite clear, in view of what has been said and the argument that has been developed, that there is some doubt as to the legality of the procedure adopted for the payment of these ministers without portfolio. The Prime Minister himself has indicated that there is doubt as to the proper application of the act in this connection.

Surely, Mr. Chairman, if that is true the best way of removing that doubt is not to follow the suggestion he made—he could not have made it very seriously—that we take a case before the courts. Surely the best way to do that is for the government itself to get the views of the law officers of the crown on this matter. If that legal opinion justifies the position we have taken—and it is an important and serious matter affecting the privileges of parliament about which the Prime Minister has talked so often over so many years—then it is incumbent upon the Prime Minister to regularize what has happened and prevent it from happening again by taking the necessary legislative action.

Mr. Diefenbaker: If it had not been for the intervention of the Leader of the Opposition I would have said nothing further, because the hon. member for Bonavista-Twillingate pretty well covered the entire situation. By the time he concluded I thought he had pretty well proven everything he had set out not to prove. In other words he had established the validity of the stand taken by the government in this connection.

So far as the regularity of what has taken place is concerned, there has been nothing said here that in any way would lead anyone looking at the matter objectively to conclude that what was done was in any way a derogation of parliament, and with that I rest.

Mr. Chevrier: The matter I should like to take up with the Prime Minister is not along the same lines as the one which has just been discussed. Strictly speaking, Mr. Chairman, I am perhaps not in order, but in view of its importance and in view of the fact that it concerns the Prime Minister I hope he will allow me to bring it to his attention at this time.

This matter has to do with a suggestion the Prime Minister has made, I believe, on more than one occasion concerning the census and the fact that an individual should not be required to state his ethnic origin. I thought perhaps I might say just one word in connection with it today. I should like, as objectively as possible, to state the reasons why I should like to bring it to the Prime Minister's attention. The matter is one which has been of particular interest to my compatriots in Quebec, and also in other provinces in Canada.

It has seemed to them that if that suggestion were put into effect it might well work not only a hardship but great difficulties. I know the Prime Minister's attention has been drawn to this subject by a number of organizations across Canada. For instance, I believe that la fédération des associations de parents et d'instituteurs de langue française d'Ontario have written the Prime Minister, as have l'association canadienne-française d'éducation d'Ontario, and the point they made and the point which I should like to reiterate on their behalf is that it is not felt by them that the leaving in of the ethnic origin is a matter which will be conducive to disunity. On the contrary, they feel that it will be conducive to unity. They say, and have so asserted, that they are quite favourable to union and unity of all Canadians of all origins, but always in diversity. They say that what makes the strength, grandeur and originality of our country is the respect for the diversity of origins and various cultures which develop loyalty to the country and to the crown.

They also make the point that the slightest attempt or the slightest infringement of the spirit of the constitution and of the program they have set out for their people would be, in their opinion, a source of difficulty. They go on and state that they have in the past relied a great deal upon information of the ethnical origins of their people from one end of the country to the other. There are, as the Prime Minister knows, associations like the ones I have mentioned in practically every province of Canada save perhaps one or two.

While I am not speaking for all of them, I think I speak for the group that brought this matter to my attention. They state that the information they get from the national census has been of tremendous assistance and importance to them in the development of our traditions, our customs, our culture, and in a comparison of these things with other groups across Canada.

Then I should like to state that in a letter which was addressed to the Prime Minister by l'association canadienne-française d'éducation d'Ontario they point with particular emphasis to a paragraph contained in the report of the royal commission on arts, letters and sciences, which can be found at page 4. It is difficult for me to translate it without more

time so if the Prime Minister will allow me to do so I should like to read it as it is. It is as follows:

(Translation):

That it is desirable that the Canadian people should know as much as possible about their country, its history and traditions; and about their national life and common achievements; that it is in the national interest to give encouragement to institutions which express national feeling, promote common understanding and add to the variety and richness of Canadian life, rural as well as urban.

(Text):

From those two statements, the one which I took from la fédération des associations de parents et d'instituteurs de langue française d'Ontario and the other from the royal commission on the arts, letters and sciences in Canada, it would appear that valuable information would be taken away from these groups if in the future it were not possible to obtain the ethnic origin of the citizens who are registered under the act. In making that statement I speak, I am sure, not only for many of the members of the opposition but equally for many of the members of my hon. friend's party. I know I have had the opportunity to speak not to all of them, of course, but to some of them, and I think they feel as strongly as I do and as strongly as these associations on the matter.

I do not want to overstate the case, because the Prime Minister has been good enough to listen to what I have had to say notwithstanding the fact that perhaps I am not strictly in order. All I want to do is state that while this matter may not be determined for some years, nevertheless I appeal to the Prime Minister to give consideration to what I have said and to the representations that have been made by these associations. I feel that he will do so.

Mr. Diefenbaker: Mr. Chairman, I do not know the basis for this discussion, and the hon. gentleman quite frankly admitted that he was out of order. However, I am one of those who like to hear things discussed in parliament. Particularly when the opposition has anything to advance, I would be the last one to rise and object to discussion, even if it was irrelevant.

As far as any references to myself may be concerned, may I say that I do not know the basis upon which they were determined. There has never been any discussion of the matter. That is a matter for the Secretary of State. There has never been anything whatsoever done or said which would indicate any basis for this discussion at this time. I am glad the hon. member, speaking with obvious conviction, placed his viewpoint before the committee. I am sure the manner in which it was presented would certainly be such as to commend itself to the listeners as it did to me.

Item agreed to.

Privy Council Office—

309. General administration, $470,046.

Mr. Fisher: When I yielded the floor three hours ago, Mr. Chairman, I did not think that is was going to take so long to get it back, but it was a very pleasant diversion. I am sure we all enjoyed the exercise in parliamentary wit or brilliance. The point I was making, Mr. Chairman, to the Prime Minister was in connection with the quick reply of the government to United States allegations that might have called in question the position and attitude of the secretary to the privy council. What I want to raise has something to do with a domestic matter, but I think it is just as important because it is along the very same line. I have in my hand something which was circulated to all members of parliament and which is entitled.

Comments by CHWO on "This is Your World Today", 6.40 P.M.—Wednesday, August 6, 1958.

This is an attack upon the so-called lobbying activities of the Canadian broadcasting league in its attempts, I suppose, to put forward its position to the government. This attack is by a radio broadcaster, and I suppose it is from the point of view of the broadcasting people. There are a number of statements in this document which are in very bad taste in the matter of the Queen's first representative in this country, and the fact that it is hinted—

Mr. Diefenbaker: May I ask the hon. gentleman who produced this document? I do not know what the document is.

Mr. Fisher: It has been produced by radio station CHWO at Oakville, and copies have been sent to all members of parliament. The references to the Queen's first representative indicate that he has supposedly financed this radio league. There are inferences here or implications, as I take it, that he seems to be still exerting an influence. But we can leave that matter aside. On page 2 this attack against the Canadian broadcasting league gets down to this:

Meantime, two other names are often used by people in reference to radio league influence in high places. One is cabinet secretary J. R. Bryce. The other is Mr. Dunton himself—

And it goes on to rail against them. Then the concluding part of this particular broadcast that has been circulated states:

The remarkable thing about the radio league—the broadcasting league—call it what you will—is that party labels have held no special terror for it.

The organization has worked as assiduously to influence Conservatives as Liberals. It is doing so today.

Perhaps this thing should have been allowed to lie or to be forgotten, but the suggestion has been introduced by this propaganda that somehow through the secretary to the cabinet there is a means of influencing the government with regard to radio policy in the interests of this particular lobby. It seems to me that makes upon the holder of the position and the link he has with the cabinet a reflection that needs a denial, that needs some statement by the government that this is nonsense. It seems to me that as long as this particular legislation is before parliament and until the new set-up gets going, there will be a continued campaign by the private interests against some of the aspects of it.

If this is a part of their campaign it is a part that calls in question, I would say, the loyalty of and suggests bias on the part of the cabinet secretary. That is most unfortunate. I do not know what anyone can do about the way in which it comments upon the first representative of the crown in this country, but I certainly think the Prime Minister should be in a position to deny completely any suggestion or implication that the cabinet secretary has been influential in giving the Canadian broadcasting league any special "in" with respect to influencing the cabinet.

Mr. Diefenbaker: I think the whole thing answers itself, Mr. Chairman.

Mr. Pearson: It certainly does.

Mr. Diefenbaker: I am really not in a position to police the thinking—and I hope we never arrive at the point where we do so—of people within the civil service of this country. I cannot follow this at all; I do not understand what is the essence of the document or of the representation made. I feel that more attention has been given to it—and I am sure the hon. gentleman agrees with me—than is merited by the article in question, or the representation that was made in some document produced here.

Mr. Fisher: Mr. Chairman, I do not mind being brought up short by a sort of suggestion that it is almost useless to raise this matter. I say that there has been a comment about a man who is very close to the cabinet. When we are considering these estimates I just thought the point ought to be made—and I am just making the point that it is wrong for this kind of statement of propaganda to stand; not that you can stop it, but surely trying is worth while.

[Mr. Fisher.]

Mr. Herridge: I would like to ask the Prime Minister a rather delicate question. I hope he will not misunderstand my attempt to be helpful as he misunderstood me on a recent occasion. Would the Prime Minister tell the house the date when the details of the arrangements for Her Royal Highness Princess Margaret's visit to Canada were made?

Mr. Diefenbaker: I do not have that information, Mr. Chairman, but I must say if I were in the position of having such information I would be possessed of something far and beyond my memory's capacity. I have no records in that connection.

Mr. Herridge: Just on that point, might I ask a second question. In view of the fact that Her Royal Highness, during her farewell address, expressed regret that she had not had the opportunity of visiting the provinces of Manitoba, Prince Edward Island and Newfoundland, and in view of the fact that information given to me indicates that these arrangements were made some time ago, could the Prime Minister tell the house the reason why arrangements were not made for her to visit those three particular provinces?

Mr. Diefenbaker: I am unable to answer that question. A hospitality committee was set up and the arrangements were made based upon the desire to ensure Her Royal Highness of a suitable and satisfactory visit to Canada. The fact is that not only were three provinces omitted but many urban centres which would very much have liked a visit from Her Royal Highness were also omitted. The hon. gentleman will recall that in the latter part of her remarks when she spoke to Canada the Princess said that she would look forward to coming back and to visiting these three provinces. At that time, I am sure, every opportunity will be given to her to see those parts of Canada which on this occasion, because of the limitation of time, she was unable to visit.

Mr. Fisher: There is one point which I previously tried to bring to the attention of the Prime Minister in an attempt to find out something about the possibility of a discussion or any other sort of debate at some time with respect to the Canada Council and its activities. As the Prime Minister knows, we cannot really even ask questions about the council—it is rather out of order—but I do know that one of the main reasons for the way in which the Canada Council was set up was that it should be removed from all political interference.

There are, however, a number of interesting points which have arisen—at least in my mind—in connection with the council. I am thinking specifically of the institutions which

the council recognizes as being eligible for grants and I wonder whether the Prime Minister could give us any information on this point.

Mr. Diefenbaker: I cannot see any opportunity to discuss this question on the item under consideration. The hon. gentleman was very fair in his presentation of the situation, which he seems to fully realize.

I have been thinking this matter over since the occasion some time ago when it was raised by the hon. member, and while there is every endeavour to maintain the council, under all circumstances, free from any considerations which might imply political interference of any kind whatsoever, I suggest that at the next session an opportunity might be given for such a discussion. I say this because I am sure that the hon. member is not anxious to start an investigation of this matter at this time although, if he is, I am sure hon. members would immediately fall into line and would say they would be very much in favour of so doing. However, at the next session I would suggest that the annual report be submitted to a committee of the house.

I feel that the viewpoint of the hon. gentleman is one which deserves consideration and I, for one, would be willing to agree, if the house consents, to the setting up of a committee to consider the annual report of the council, which I think would be beneficial to all.

Mr. Fisher: I would like to thank the Prime Minister for his remarks. This is a matter which may not be of great importance to many members, but I do think this would give an opportunity to those of us who are interested to find out more about the council.

Item agreed to.

Special—

311. To provide for the expenses of the royal commission on energy policies including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $250,000.

Mr. Pearson: I wonder if I could ask the Prime Minister, although I know he has dealt with this matter previously, if he could give us any more recent indication of the date when this royal commission on energy policies is likely to make its interim report and how long he thinks the work of the commission will extend beyond the date of that particular report? I am quite sure that the chairman of the commission is anxious to bring his work to a conclusion at as early a date as possible.

Mr. Diefenbaker: I regret that I cannot furnish the Leader of the Opposition with any information in addition to that already given. As the committee knows, the public hearings began in Calgary in February and subsequent hearings were held in Victoria, Regina, Calgary, Winnipeg, Toronto and Montreal. In view of the urgency attaching to the current problems of the petroleum industry, including natural gas, the commission decided it would concentrate in the first instance on those sections of its terms of reference dealing with these subjects.

The public hearings terminated in Montreal on July 23. Further hearings of the commission, as I have already said, I believe, on one occasion in answer to the hon. gentleman, will begin in the early fall of this year, or the beginning of the new year. I am not saying that this is when the resumption will take place, but in the meantime it is hoped that a report on the above mentioned subjects will be ready by this fall.

Very intensive study is being given to the problem, which is one which has brought about a very large number of submissions by representative bodies across the country, including oil and gas conservation boards, petroleum companies, oil companies and others. In general, in those provinces where the commission has met, a very great many representations have been made because of the intricate nature of the problem and the need for representations to be made in order to provide a sound basis for the expansion and development of the oil industry, which has become one of the major producing industries in Canada.

I can only say to the Leader of the Opposition that the fullest consideration will be given to the interim report. Once that report is furnished, then parliament will be in a position to give that consideration to the problems which the basic information and the recommendations of the commission will make possible.

Mr. Pearson: May I just ask the Prime Minister whether I understood him correctly to say that when the interim report has been completed there would be an opportunity for parliament to discuss it even though the final report might not be ready?

Mr. Diefenbaker: At the moment I can see no reason why there should not be discussion of that, because in securing an interim report the desire of the government is to have solid research information available to the end that problems of immediate incidence and importance may receive the earliest attention on the part of parliament.

Mr. Herridge: I just want to bring one matter to the attention of the Prime Minister

under this estimate pertaining to the expenses of the royal commission on energy, and it applies to other royal commission reports. Under the present system we are supposed to check off on the daily check list those publications we would like to receive, and, strictly speaking, if we fail to do this within 10 days we are required to pay for them. But hon. members are very busy indeed, and it is quite easy to overlook some of these important reports. I find that in some cases members do, in fact, receive them without making application while in other cases there is an extension of the 10 days period, and so on. I suggest that when it comes to questions such as reports of royal commissions, these reports should automatically go to every member of parliament.

Mr. Diefenbaker: I cannot disagree with the hon. gentleman. Indeed, I was under the impression, having regard to the number of reports which came to my office when I was a private member, that reports of royal commissions were made available as a matter of course. Certainly, such reports should be made available to all members, for unless they are studied by hon. members they become worthless in so far as intelligent discussion in the house is concerned.

Mr. Herridge: I find I have made a slip. The reports are received by members, but not the studies, unless application is made.

Mr. Diefenbaker: I am not going to take the same position with regard to studies because there is a vast amount of material and, I presume, I am one of those who does not like to study all the evidence upon which the reports are based. I take it that on the submissions presented, a royal commission makes recommendations supported either by a preponderance of evidence or the circumstances peculiarly available to the commission. It has never been my understanding that the representations as such, and the preliminary studies, were made available to hon. members. I am sure that if any hon. member desires to have them he may do so, but most members—and I belong to that class—do not possess that desire to be overwhelmed with detail such as would be the case if a complete study were to be made, comprehensively, of all the bases upon which royal commission reports are furnished.

Item agreed to.

312. To provide for the expenses of the royal commission on price spreads in food products including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks, or employees permanently employed in the civil service for services rendered by them to the commission, $150,000.

[Mr. Herridge.]

Mr. Pearson: Mr. Chairman, I should like to ask a similar question on the royal commission covered by this particular item, the royal commission on price spreads in food products. I should like to know how it is getting on and when it is likely to report. I know that once a commission gets into this particular subject of price spreads it can go on and on and on. I realize that the members of this commission are men of intelligence and industry, and that they are doing admirable work, but I was wondering what limitation the government is putting on this study and when it is likely to be brought to a conclusion. I recall in the thirties starting off as secretary of a parliamentary committee on price spreads. Incidentally, that committee was a parliamentary committee which began its work in an atmosphere of excitement and partisanship and which was transformed into a royal commission when it worked more constructively—an interesting precedent. I know that when this committee began its work it felt it could be completed within a few months, but it went on for two years.

Mr. Diefenbaker: As the hon. Leader of the Opposition says, this is a very difficult assignment which has been given to this royal commission, and the Leader of the Opposition speaks with authority beyond that possessed by any other member of the committee, for when Mr. Bennett set up the royal commission on price spreads the hon. gentleman was the secretary of that body and he has full knowledge of the difficulties of investigation and the ramifications of the problems.

The research program conducted by the staff of the commission, with assistance from government departments, began along three lines:

(a) Analysis of price data and measurement of over-all aspects of the commission's problem, including changes in consumer expenditures on food, changes in receipts of primary producers from the sale of food products, and changes in the over-all cost of processing and distributing food products over the period from 1949 to 1958.

(b) Studies of particular aspects of the marketing of food products in relation to price spreads, including transportation, storage, packaging, advertising, wages and productivity, the effects of co-operatives and marketing boards, and the nature of competition and profitability of firms engaged in food marketing.

(c) Commodity studies, covering those that make up a large part of the consumers' expenditures on food and those that are most important in the incomes of producers.

I know of no commission which is more important than this one so far as agriculture and fisheries are concerned for, after all, the primary producer, the farmer and the fisherman, has certain costs which are basic, and the larger the share of the consumer dollar

expended for the particular commodities which becomes available to the primary producer the better the return to the farmer and the fisherman. This is one of the major facets in agricultural policy; in other words, that within the limits of a fair and reasonable return for the intermediary, the wholesaler and the retailer, assurance should be given that the producer shall not suffer as a result of improvident and excessive advantage to intermediaries between the producer and the ultimate consumer.

So important is this that I feel that the members of this commission have a most responsible and exacting task. Over the years this type of investigation has been requested by the Canadian Federation of Agriculture, by the farmer's union and also by fish producers. I cannot say when the report will be available. The commission is applying itself very diligently but I am unable to give the hon. gentleman even an approximate date. In this case I was of the opinion that a matter of three or four months would pretty well cover the responsibility. I was assured by the chairman that my views in that regard were too optimistic because of the ramifications of the problem and the various facets that are faced from day to day. I can only say they will make a report at the earliest possible date.

Mr. Argue: Mr. Chairman, it is certain that the problem to which the Prime Minister has referred, namely of reducing the spread between the prices paid to the primary producer and those charged to the retailer, is a very important one. Agricultural producers are looking to this royal commission in the hope that following its report and the subsequent action flowing out of the report the trend which has been prevalent for some years will be reversed. The trend to which I refer is that which has meant the producer has received a decreasing part of the consumer dollar spent on food. There is no doubt that the whole field into which this commission is inquiring is of great importance but the inquiry is of importance itself only if it leads to some concrete action. We shall look with interest to the report that is made and we shall look with even more interest to the action taken following the report.

I do not believe it is necessary to wait for the report to do something in the interests of the agricultural producers of this country. I refer, of course, to the necessity of improving the prices that are paid to producers. Following the report that may be made by the royal commission I believe the government should consider the whole question of price controls. While the government does not provide a system of price controls at the retail level, nevertheless every positive action it may take by way of price legislation to help producers is by way of management or control or in other ways influencing the prices paid to the producers. I refer, of course, to the Agricultural Stabilization Act, to initial payments that are made by the Canadian wheat board and to other measures that are adopted from time to time.

We shall await the report of the royal commission with interest and shall press the government for whatever action the commission may recommend that may bring about this very desirable result. Important as the report will be it will require subsequent action to meet the important problem that farmers face of receiving year after year a constantly diminishing share of the consumer dollar.

Mr. Diefenbaker: Mr. Chairman, I do not wish to stop my own estimates going through but I do believe that the actions taken by this government have indicated its desire to assure agriculture of a fair share of the national income. The steps taken so far have been progressive steps. The first was to provide financial assistance through cash advances and that has worked out exceptionally well with little or no loss to the state. The second step was the broad plan of a price stabilization establishment in respect of various agricultural products. I am not exhausting what has been done when I mention as a third step the setting up of this royal commission which was established because of the general request through the years on the part of farm organizations for this investigation. We do not set up royal commissions for the purpose of making findings upon which no action will in any way be taken.

I would not have said that were it not for the fact the hon. gentleman talked about price controls. I do not wish to leave any misapprehension in his mind on that question. I am one of those who believe that the price controls effective in time of war because of the mobilization of all the people in the state would be less than successful in times of a reasonably free economy. I know the hon. gentleman will not misunderstand me when I bring to his attention the fact that the government of Saskatchewan in 1946 brought in legislation which was to be established upon proclamation whereby the prices of various products would be fixed by the state and any one failing to adhere to the prices fixed by the board set up for that purpose would find himself subject to a penalty or in the alternative subject to a jail

sentence. But that legislation was never proclaimed within Saskatchewan because if it had been, as I said on one previous occasion, there would have been only two classes of people in the province, those in jail and those waiting to get in after the others got out.

I know the hon. gentleman did not have that in mind when he spoke about fixing prices because what the state can do is to provide the means through fair and reasonable legislation whereby the farmer and other primary producers shall be placed in a position in which they will not be subject to unjust and unfair competition and that their prices shall bear a fair relationship to their costs.

I am not going to argue the case of the stabilization legislation but that was the basis of that legislation. I can tell the hon. member that in so far as this royal commission is concerned I hope that out of a multiplicity of representations will come reasonable and fair conclusions upon which parliament can act. I give him that assurance. I was hoping those recommendations might come earlier. As a matter of fact it was the farm organizations that brought to my attention the fact it would take much longer than the comparatively short period I had in mind to secure a full and accurate summary of the situation to the end that legislative enactment might be based thereon.

Mr. Argue: Mr. Chairman, the Prime Minister has outlined some of the things the government has done by way of an agricultural program. The program of cash advances is one I advocated for many years along with other hon. members of this group. I take second place to no one, not even the Prime Minister, as an advocate of that type of policy. I share with him the general satisfaction he felt that the program of cash advances within the conception of the act has worked out reasonably well and that the excuses given by the former administration as to why this could not be done through the existing machinery, namely the Canadian wheat board, were not in fact valid and that the wheat board has been able to handle this legislation.

However, I think we should all keep cash advances in perspective as to what they really do. During the fall months they enable farmers to get an advance on expected sales of grain over the 12-month period but apart from the saving in the interest rate generally speaking they do not add to the economic position of the farmer. They do not increase his real income over a one-year period except to the extent that he is able to make a saving with respect to interest on the money obtained through cash advances.

[Mr. Diefenbaker.]

The Prime Minister referred to the government's price stabilization policy. As far as I am concerned the price stabilization policy and the floors established thereunder have not been such as to give the farmer a fair and reasonable return or provide him with adequate parity prices as promised by the government in two election campaigns. I have said that in order to protect the producer there must be a system of price controls by way of supports for those products that the producer is engaged in producing and marketing. I certainly stand by that statement. The Prime Minister has said that he is not in favour of the type of price controls used during the war but it is certainly a form of price control to establish a floor price for butter. It is certainly a measure of price control to say that a deficiency payment will be paid on soybeans in order to bring about a certain result. Every action that the government takes to stabilize agricultural prices is in itself a measure of control over those prices.

I have said that the government's agricultural price stabilization policy has been a disappointment to me and members of the C.C.F. and farmers generally. Although I do not have the quotation on my desk, I can bring as my witness Mr. Turnbull, second vice-president of the Saskatchewan farmers union and a member of the advisory committee under the Agricultural Stabilization Act. He has said that the act has not increased the economic welfare of the average farmer as he would like to see it improved. He has gone much further and has said that in the main what the act has done is to help the very large farmers. These are the comments of this farm union official.

We shall await with interest the report of the royal commission and any subsequent action the government may take but as far as I am concerned I want to make it crystal clear that since June 21, 1957, no adequate improvement has taken place in the position of the agricultural industry. In particular I refer to the final payments made on wheat a few weeks ago which were the smallest made for many years. I know that the Prime Minister has often said that he has under active consideration further measures to aid the grain producers of western Canada.

The Chairman: Order. I regret to interrupt the hon. member but I believe he is straying quite a bit from resolution 312 which deals strictly with the salaries of officers, clerks or employees permanently employed in the civil service commission for services rendered to the royal commission on energy. It would be appreciated

by the chair if the hon. member would try to stay as close as possible to the resolution under study at present.

Mr. Argue: I appreciate, Mr. Chairman, the very fine way that you have governed the affairs of the committee when you have been in the chair in recent weeks and the fact that you have made it clear that you will extend to every member of the house the same latitude that you have extended to others. It was the Prime Minister who referred to cash advances, the agricultural price stabilization policy and the general conception of price control. He even referred to Saskatchewan and spent some time on a certain act that had been placed on the statute books in 1946. I was about ready to conclude my remarks on this subject. The grain producers of western Canada are awaiting with great interest and expectation the long delayed announcement on the very important and controversial question of deficiency payments. They are hoping that adequate action may yet be taken in this regard which, I suggest, will provide another measure of price control based on the concept that the grain producers, together with people in other sections of the agricultural industry, are entitled to adequate parity and a fair and reasonable return on their production.

Item agreed to.

154. Office of the secretary to the Governor General, $202,521.

Mr. Regier: This morning the Prime Minister stated that he would be able to supply me with the information as to the total amount of the loans made to the F.D.C. and how much is still to be repaid. Would the Prime Minister like to give me that information now?

Mr. Diefenbaker: Up to date $2½ million has been borrowed for the purchase of land, and $2,300,000 has been spent.

Item agreed to.

The Chairman: That completes the estimates of the Prime Minister.

DEPARTMENT OF FISHERIES

General services—

130. Departmental administration, $371,750.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Chairman, in introducing to the committee the estimates of the Department of Fisheries I first want to point out that the estimates have been very carefully and thoroughly considered by the standing committee on marine and fisheries. I wish to take this opportunity to congratulate the members of that committee on their very fine, constructive attitude towards the problems of the Department of Fisheries and for the contribution they made in the consideration of the estimates of the department. I may say that they showed complete knowledge of the fishing industry in the whole of Canada. That is not surprising because the committee had on it members of parliament representing all the major fishing areas of the country and many of them at one time or another have been directly engaged in that industry. Therefore I can say without reservation that all parties in the house were extremely well represented on that committee by members who contributed a great deal to its proceedings. For that reason my remarks will be brief but there are a few points I should like to mention which I feel would be of interest to the membership of this committee.

To begin with, I should like to say a word about the economic situation of the industry at the present time. So far as the economic situation of the fishery generally is concerned, the three major factors are production, price to the fisherman and export markets. Although the fisheries are carried out in all areas at all times during the year, the months of greatest production are July, August and September. It is, therefore, too early to state definitively how production will stand this year. But the figures we have indicate that across the country catches will be up to those of recent years. In so far as individual species are concerned, of course, the catch in some cases will be higher, while in others it will be lower.

One of our greatest worries arose out of the very disappointing cod trap fishery in Newfoundland this year and now because of a failure of the squid fishery it is a difficult problem to secure adequate supplies of bait to keep the cod fishery going throughout the fall. I am happy to be able to announce we have found a source of herring bait at Yarmouth, Nova Scotia, which should help materially to meet this need. While herring is not as desirable as the local squid bait, it has always been used extensively throughout the maritime provinces. We hope it will be a reasonably satisfactory substitute for any shortage of squid which there may be in Newfoundland.

On the Pacific coast, we are just now entering the main salmon season. All indications point to an exceptionally large pack, particularly of the valuable sockeye species. The catch in most of the other major fisheries has been well up to average in all areas. Prices to fishermen are, of course, related to the supply situation and to the demand, both at home and abroad. In Canada, while we are still

relatively light fish eaters in comparison with other countries, there has been a slow but gradual upward trend in per capita consumption. The department is continuing its efforts through its consumer service, and by other means, to keep this movement going. Demand in the United States, our principal market of fresh and frozen fish, has also been strong. The current market position for these forms of fish is one example of low stocks and gradually increasing prices. For example, the price of frozen cod fillets is three cents per pound higher and that for frozen haddock fillets five cents per pound higher than a year ago in the major wholesale market at Boston.

The expected high salmon pack this year will coincide with a higher allocation of dollars by the United Kingdom, our principal market. However, it may well be that some of the expected large 1958 production will have to be carried over into the 1959 marketing year when supplies are expected to be much shorter.

Mention has been made on several occasions of the salt fish market problem. As I have indicated, there has been a very disappointing production in Newfoundland this year. Thus, while supplies will be lower there should be no great difficulty in marketing the reduced output. The large and valuable lobster fishery of the Atlantic coast provinces again gives every promise of a satisfactory year.

I do not wish to leave the impression that I am fully satisfied with all aspects of the fishery, and to suggest that there are not many old and new problems confronting the industry and the department. One of our major problems is that of ensuring good quality of all types of fish at all times. This is a very complex problem when we consider the diversity of the industry across the country and the perishability of the product. The government role in this field is essentially one of education and inspection, and we are stepping up our activities in both these fields. The inspection service is expanding its scope so that the consumer may be able to obtain fresh and frozen fish products inspected to conform to high quality specifications being prepared by this department in consultation with other government services and the fishing industry. The governments of the provinces have indicated their co-operation and approval of our entry into this field, so that this additional service will be truly national in extent. The government of the province of Quebec has requested that this department administer the inspection of fish and fish products for that province and steps are presently being taken to comply with this request.

[Mr. MacLean (Queens).]

Industrial development is another service of the department which has been expanding its activities in the past year. This service is designed to work with all branches of the industry in bringing new techniques into operation. The government's role here is one of testing, experimenting and demonstrating as well as giving encouragement to fishermen and the industry generally. In this field, we co-operate also with the provincial departments concerned and an Atlantic coast federal-provincial fisheries committee has been set up to provide for close liaison and full co-ordination in this field. This committee will also deal with other problems of mutual concern.

In the field of research, the fisheries research board is the operating agency and its expenditures are included in the estimates now before this committee. The activities of this organization cover not only biological, technological and oceanographic research but also there is a special unit based in Montreal concerned with developments in the Arctic area. This unit is endeavouring to learn more about the availability and life habits of fish and other marine animals in our vast northern waters.

One of the special fields of research which has become more and more urgent is that associated with hydroelectric developments in our major fish rivers. Engineering and biological studies in this field are being carried out, not only by the Department of Fisheries research board but also by such organizations as the international Pacific salmon fisheries commission. In addition, close liaison is maintained with the technical staffs of the United States fisheries agencies regarding progress and development in this important field. It should be of interest to note that expenditures for these studies by Canadian agencies in the Pacific area in the current year will be in excess of $700,000. The expenditures by both Canadian and United States agencies will total over $2 million. These totals refer only to expenditures for experimental devices and research and do not include capital expenditures for fish protective devices.

The problems under investigation range from laboratory studies of the basic behaviour patterns of juvenile salmon to large-scale field tests of devices for deflecting seaward migrating salmon into by-passes which will provide a safe passage around power dams.

Earlier I mentioned the difficulty we are having in securing adequate supplies of bait in Newfoundland arising out of the failure of the squid fishery in that province this year. I should like to point out that the Newfoundland bait service, which was taken over by

the federal department at the time of union, was designed to meet fishing conditions in Newfoundland as they existed prior to the last war. Since that time, and particularly since union, there have been many changes not only in the types of fishing being carried on in that province but also in the areas where fishing activities are of major importance. It, therefore, became necessary to reorganize the service to meet present-day conditions. Included in this year's estimates, particularly in the supplementary estimates, is provision for strengthening not only our freezing and storing facilities but also our distribution facilities so that as bait is secured we will be able to more adequately meet the needs of the fishermen in all parts of Newfoundland.

There are several other fields of activity where the Department of Fisheries and the research board are changing the emphasis to meet changing conditions in the fishery.

For example, we are undertaking to assist and expand the oyster fishery of the Atlantic coast through the development of better methods of providing seed oysters. On the Pacific coast and in the salmon producing areas of the Atlantic coast we are also undertaking major experiments in the improvement of spawning and rearing conditions, not only in the natural rivers but also in the provision of artificial spawning areas.

I have touched on only a few of the problems and plans of the department and the fisheries research board but, as I indicated in my opening remarks, we have already in the marine and fisheries committee given these estimates very thorough consideration and I trust that the committee, for the most part, will realize that that has been the case. In the committee on marine and fisheries I was delighted to find that there were no serious criticisms of the activities of my department. For this situation I take no personal credit but I should like at this time to pay a passing tribute to a very fine and dedicated group of public servants who are giving their full time and attention to the problems of the fishing industry as employees of my department. To them belongs the credit.

Mr. Robichaud: Mr. Chairman, I want to take this opportunity publicly to congratulate the minister in the name of the members on this side of the house of the official opposition on the honour which was bestowed upon him by Mount Allison University on Saturday last. In introducing his estimates the minister stated that the fisheries estimates were considered by the standing committee on marine and fisheries. I agree with the minister that the members of this committee took a constructive attitude in discussing the problems affecting the fishing industry. In dealing with the economic situation of the industry the minister stated that so far this year the catches are well up to those of previous years. At this point I must mention the fact that especially on the Atlantic coast the number of fishermen engaged this year in fishing operations is much larger than that in previous years. If present economic conditions are to prevail in the future it is expected that this number will increase in future years. In passing I wish to remark that this situation might be contrary to a part of the report of the Gordon commission which asserted that the number of fishermen would decrease year after year.

We were also pleased to hear from the minister that the prices of fish were satisfactory. He mentioned the prices of cod fillets and haddock fillets which were much higher on the United States market than they were at this time last year. We are also pleased to realize that at least some of the benefits of this increase in price have been passed along to the fishermen as the primary producers.

The members of this committee, Mr. Chairman, realize the importance of the fishing industry to the economy of our country. In the brief remarks which I intend to make at this time it is not my intention to criticize the Department of Fisheries but rather, if possible, to offer constructive suggestions directed toward improving the situation of our Canadian fishermen. We all know that the fishing industry is one of the oldest industries of our country. It has been part of Canada's pattern for over 400 years. The prolific fishing grounds of the North Atlantic led to the discovery of the North American continent. It is also of importance to realize that last year the total catch amounted to over 2 billion pounds having a commercial value of $200 million. It affected over 80,000 Canadian fishermen and a large number of workers in fish processing plants.

I also want to take advantage of the opportunity offered at this time to express my appreciation for the co-operation which we receive from the officers and staff of the department and of the fisheries research board. We understand the difficulties which are encountered by some of the officials in the field, especially those in the protection service. At this point I should like to repeat what I said when I first spoke in this house in 1953, namely that I should like to see the protective officers of the fisheries department giving more time and attention to the education of the fishermen. The protective officer could be more effective if he were to spend

more time at the end of the fishing wharf talking to fishermen when they return from the fishing grounds, explaining to them how to take care of their fish and showing them that it is to their own interest to protect the fisheries.

I was also pleased to hear the minister mention the fact that the inspection service of his department was expanding year after year and that the inspection of fresh fish, which this year will be on a voluntary basis, will be applied on a national scale.

I have made the suggestion that the protective officers should spend more time in educating the fishermen. At this point I want to say a few words about an education program which has been in existence in the department for some years but which should be extended. We realize that the ordinary elementary schools have not personnel qualified or trained to be practical and to give to the fishermen the education which they need in order to carry on with their fishing operations. The modernization of the fishing fleet in recent years make it much more urgent for a new concept of this major problem.

The extensive research which has been carried on by scientists of the fisheries research board has led to the introduction of new fishing methods and new techniques resulting in greater output and greater production. However, I repeat that more emphasis should be given to the practical application on a commercial basis of the findings of the research board. This can be done only by actual and on the spot demonstrations so that the fishermen can see for themselves and be convinced of the advantages offered by those new methods or techniques.

During the deliberations in the standing committee on marine and fisheries we were pleased to hear from the minister that a federal-provincial Atlantic fisheries committee had been formed. We welcome this new committee which we understand will have as its main duty that of showing to the fishermen in a practical way the findings of the research board.

If I recall correctly, during the period 1937 to 1947 a study was carried out by the fisheries research board of the federal department in co-operation with the Atlantic provinces, and the province of Newfoundland. Notwithstanding this lengthy experiment, in many areas of the Atlantic coast our herring fishermen are still using the same outmoded methods used by their great-grandfathers. I hope the fisheries research board will make the new methods if any known to the fishermen.

I understand that this summer in my own constituency at Caraquet, for instance, they are trying to prove the advantages and the possibility of the mid-water trawl for fishing herring, and I wish to say to the minister that if an experiment of this kind is to be truly effective it should be carried out during the entire fishing season. It should commence on April 15 and the fishermen with this new gear should look and fish for herring all through a whole season up to at least October 15. I was in my constituency about ten days ago and up to that time I understand that nothing has been done to establish whether or not it was possible to introduce a system of mid-water trawling for herring in the bay of Chaleur.

We have in Canada many schools, colleges and universities for agriculture; we have such institutions in probably all our provinces. We have, however, only two schools for fisheries, the school for fisheries at Ste. Anne-de-la-Pocatiere and the fishery school at Grande Riviere which is operated by the government of Quebec. I would again ask the minister, and through him his department, to give serious consideration to providing further and more effective assistance to our universities, especially to colleges or universities in the provinces in which fishing is one of the main industries, in order to train our fishermen to use and take full advantage of modern methods of fishing.

At this point I would like to deal with a problem which is of great concern to east coast fishermen. I refer to a support price or floor price for fish. At this very moment I realize our fishermen on the Atlantic coast may be receiving prices which are perhaps more attractive than those which they received at this time last year, but they have no guarantee that such prices will be maintained in the years to come. During the federal election campaign the Prime Minister himself made statements which I think should be placed on the record. In addressing a meeting in Charlottetown on February 27 the Prime Minister made certain statements which were reported in the Toronto *Star* of February 28 as follows:

> He told the audience of more than 1,100 which crammed the hall above the Roloway bowling club that the government was now considering providing the same kind of price support legislation for the fishing industry as it had for the farmers, although he acknowledged there were "difficulties in the way".

The Halifax *Chronicle-Herald* of March 25, 1958 contained a report of statements said to have been made by the Prime Minister on March 24 as follows:

> This government, he told the audience, was moving to stabilize prices for farm produce, and consideration is now being given to bring about "the application", on a similar basis, of this measure as it affects fish products.

The Halifax *Chronicle-Herald* of March 26 reported the following statement made at Yarmouth on March 25:

> Prime Minister Diefenbaker today promised federal price supports under fish and a firm stand on protection of Canadian inshore fisheries against foreign trawlers.

And further on it says:

> The Prime Minister said "We want to do that if you want it."

I wish the Prime Minister were now in his seat, because I would ask him what he meant by those words, "We want to do that if you want it."

The same article quotes the Prime Minister as saying that the Conservative government is taking the first strong step in the matter. The Prime Minister was at that time proposing that the national jurisdiction be extended 12 miles offshore in regard to fisheries, but I will deal with that particular point in a few moments.

I have in my hand a 1957 report on primary industry studies undertaken by the Department of Fisheries economic service, concerning the operations of modern long liners and draggers on the Atlantic seaboard. It is said that these operations have been going on during the past seven years and this service has given the industry and the department most valuable information. I wish to congratulate the department upon its initiative in this regard. In order to arrive at the figures, the official of the department in charge took 125 boats, divided among the different Atlantic provinces, in order to get an average of the landings, the returns and the cost of operation for these fishermen in the year 1957.

The report shows that in Nova Scotia the 50-foot to 60-foot dragger had a deficit of $2,059; the same type of dragger in New Brunswick had a deficit of $495; in Prince Edward Island the deficit was $1,070; and in Quebec $1,767. The same report shows that in order to break even the fishermen in the different provinces should have had a minimum price for their fish and this price varied from 2.7 for a 45-foot to 50-foot dragger in Nova Scotia; 2.5 for a 50-foot to 60-foot dragger in New Brunswick; 3.074 for a 50-foot to 60-foot dragger in Prince Edward Island; and 2.0 for a 50-foot to 60-foot dragger in the province of Quebec. I also have a report for 1956, and there is very little difference in the deficit encountered by the fishermen and the average price received by them for their fish.

I have, in addition, a statement made by Mr. C. E. Desourdy, general manager of the Quebec united fishermen, and I would like to quote from the review published by the fisheries school at Ste. Anne-de-la-Pocatiere with respect to what he had to say on a floor price for fish:

(Translation):

> The federal government must find some means of enforcing that legislation which provides for a support price on fish. Some hopes may be held in this regard although no definite decision has been reached as yet.

(Text):

The federal government must find means to introduce legislation to establish price support for fish. On this subject we may have certain hopes, but nothing definite has been decided to date. The cod fishery of the Atlantic provinces and of the Atlantic coast is very important. It represents practically 45 per cent of the total catch and it is valued at between $30 and $35 million a year. Part of this catch is processed into salt cod for the Mediterranean and Caribbean market and a small percentage goes to the United States market. A large percentage of the catch is filleted and shipped fresh or frozen either to the domestic market or to the United States. We have been told at different times that 70 per cent of our total catch is exported and that 65 per cent of these exports go to the United States market. Unless our fishermen are guaranteed a minimum price of three cents a pound for fresh cod landed it is impossible for them to carry on. They cannot operate at a deficit year after year. This is a responsibility of the government. It has been promised to them that ways and means will be found to protect them by a guaranteed price of at least three cents a pound.

At this point I should like to say a few words about the information and educational service branch of the department. The duty of this branch is to bring to the attention of the Canadian public the importance of the fisheries to our Canadian economy and, also, to supply fishermen with information relating to new developments and new techniques introduced through research by the fisheries research board. These researches are of great value to our fishermen and to the fishing industry as a whole.

Closely related to this information and educational service is the consumer branch of the special services of the department. We all approve the work that is being done by this branch of the department. Considerable work has been done in the test kitchens here in Ottawa. Recipe booklets have been distributed throughout the country; home economists and dieticians have been stationed at various points; pamphlets have been distributed, and advertising has been done through radio, television, newspapers and magazines. This work is very important because our fishing industry must not rely

entirely on its export market. Good advertising, a better product, better quality and attractive packaging are required if we are to increase our home consumption.

The minister mentioned in the course of his remarks that the domestic consumption of fish showed an upward trend but I would ask that more effort be directed toward increasing the consumption of fish in Canada. In 1948, Canadians were consuming between 11 and 12 pounds of fish per person. Ten years later, in 1958, notwithstanding the hard work which had been done by the department, consumption had increased to only 13½ pounds. Let us try to realize, Mr. Chairman, what it would mean if this increase could go up to, say, 15 or 16 pounds. It would mean that an additional 40 to 50 million pounds of fish would be consumed yearly in our country. In Japan, for instance, the consumption of fish is a high as 65 or 70 pounds per person per year.

I should also like to say a few words about the 12 mile limit and the privileges granted to foreign trawlers which may come as close as three miles to our shores. I remember the attitude taken by certain members of this house now sitting on the government side, and I recall the remarks which were made by the present Minister of National Revenue and others. The Prime Minister, addressing a meeting in Yarmouth said, as I mentioned a few moments ago, that his government was taking the first firm stand toward protecting our Canadian fishermen. We all know that the meeting which was held last year in Geneva was organized not by the present government but by the previous administration and that it was announced in this house almost two years ago by the former minister of fisheries, the Hon. James Sinclair. We regret that no favourable or final decision has been reached at that conference.

Speaking about the rights of our fishermen I should like once again to bring to the attention of the minister the situation of our small fishermen, inshore fishermen particularly, in the bay of Chaleur area on both sides of the bay, on the Gaspe coast and on the New Brunswick side, where fishermen operating with small boats and using trawls are being interfered with by dragger operations. I would suggest to the minister that a conference be called between the federal government and officials of the provincial governments of New Brunswick and Quebec to discuss this important situation. This is a matter which has been brought to the attention of the department on many occasions and I would suggest again that a line be drawn from Maisonnette on the New Brunswick side to Paspebiac on the Quebec side, and that no draggers be allowed to fish inside of that line until at least November 1 of each year. This would give a chance to fishermen operating in small boats and using trawls to save their equipment and their nets.

I mentioned earlier that good work was done by the department in protection services, and one of the main fisheries which requires great activity by the department in this respect is the lobster fishery. I now ask the minister if any further consideration has been given to the suggestion which was made by certain members of the standing committee on fisheries that the department follow the example of the state of Maine in purchasing from the fishermen berried lobsters, that is female lobsters bearing eggs. In this connection I am sure the department will realize that bearing in mind our thousands of miles of shore and the fact that there are probably over 20,000 lobster fishermen, such a system would be impracticable and almost impossible to operate.

I would also ask the minister to give serious consideration, if he has not already done so, to the hour of opening of the lobster season. The present regulations provide that no fisherman shall leave for the fishing ground with lobster traps or gear before 12 noon on the day preceding the opening of the lobster fishing season. In some districts, including Westmorland, Kent county and parts of Prince Edward Island and Nova Scotia, permission was given this year to the fishermen to leave for the fishing grounds two hours earlier. I suggest that this present regulation is unfair to certain fishermen. We have areas where there are no landing facilities available and where fishermen can only sail at high tide. In other areas there are small wharves which can only be used at high tide. And so, the fishermen in adjoining fishing communities have the advantage of being able to get to the fishing grounds hours before those to whom these facilities have not been provided. I suggest to the minister that a change be made and that lobster fishermen be given permission to leave for the fishing grounds at 9.00 a.m. of the day preceding the opening of the fishing season.

Another matter that is of concern to vessel owners on the Atlantic coast is the provision made for subsidies on certain types of long liners or draggers. During world war II, in order to increase the production of food, a subsidy program was introduced as an endeavour to modernize the east coast fishing fleet. Following the war period this subsidy program was further extended to modernize the methods of fishing especially for ground fish and to make it possible for individual fishermen or groups of fishermen to acquire larger and more efficient vessels, and to produce fish at a cost competitive

with other countries fishing on the Atlantic coast area. This program has now reached the point where substantial changes should be made in order to meet new requirements and additional costs of construction.

In 1946, for example, a 55 to 60-foot dragger could be built in New Brunswick for $23,000; in 1953, $39,000; in 1955, $46,000; and in 1957, although the vessels were four or five feet longer they cost $53,000 in New Brunswick and as much as $65,000 in Nova Scotia.

From 1946 to 1948, a subsidy of $165 per gross ton amounted to 25 per cent of the cost of a dragger. In 1955 it covered only 18 per cent and in 1957 it represented only 14 per cent or 15 per cent of the total cost. I realize that my time has expired, Mr. Chairman, but I could finish in three or four minutes if I had the unanimous consent of the committee.

The Deputy Chairman: Is it the pleasure of the committee to give unanimous consent to the hon. member in order for him to finish his remarks?

Some hon. Members: Agreed.

Mr. Robichaud: The figures I have given refer to New Brunswick. In Nova Scotia in 1957 the subsidy represented only between 10 and 12 per cent of the cost of the boat. As those figures will show, the cost of building a dragger equipped with modern facilities has practically doubled in the last ten or 12 years. If this program is to meet the present requirements and if it is to serve the purpose for which it was introduced it should be increased from $165 to $265 per gross ton and this at very little additional cost to the federal treasury. I urge the minister to give serious consideration to this request.

The members of the committee on marine and fisheries were pleased to hear from Dr. Kask, chairman of the fisheries research board, that a great deal of information had been developed on the use of the so-called waste or by-products from the fishery. We all recognize the high natural vitamin potency which is contained in the liver of certain types of fish such as cod. Dr. Kask informed the committee that the scientists had found what they called a liver residue or special food in these cod livers. They have also found an accessory food element in the residue which can add to the speedy growth of cattle and chickens, thus giving an additional food value to such livers. We understand that in order to be practical and economical, sufficient supply of raw material is required for such production. In most fishing districts processing plants are scattered over long areas of coastlines and although the amount of waste material is quite substantial, it is in most cases rather difficult to transport and accumulate it in a central area without adding further cost to the raw material.

We all know that animal protein comprises today a big food requirement throughout the world, and while such protein has been developed on an experimental scale by the fisheries research board, further economic studies are required to ascertain if it can be made up in sufficient quantities in order that the large food firms could rely on a continuing source of supply.

We have in my constituency of Gloucester one of the largest concentrations of landings of fresh cod and related species on the Atlantic coast, a fact I drew to the attention of the committee on marine and fisheries. The 60 to 70 draggers operating during a period of five months land at three different landing points within a distance of 20 miles during that period from 50 to 60 million pounds of fresh fish. The quantity of waste from these fresh fish is one of the largest in any area on the Atlantic coast. This area would be an ideal location for a pilot plant to take care of waste products and I urge the minister and his officials to give serious consideration to such an establishment in Gloucester county.

In closing, Mr. Chairman, I would urge the minister to have his department conduct more research which is needed if some sectors of the fishing industry and particularly the salt fish industry are to continue to exist. Such research is too costly to be undertaken by the industry alone and it requires co-operation from the government. As I have said, this co-operation is essential to the maintenance of the fishing industry.

At this time we must seriously examine what is going on in the United States. I wish to quote at this point, and these will be my last words, a portion of an article entitled "Now Our Fisheries Are Threatened" which appeared in the *Financial Post* of July 26, 1958:

> There is fresh trouble brewing for the Canadian fishing industry which is the mainstay of about 96,000 Canadians. Our catch is worth around $200 million a year.
>
> The Americans, having been thoroughly debauched by elaborate schemes for artificial aid to the American farmers (mainly the rich ones, as it turns out) may now be going in for similar schemes to aid their commercial fishermen.
>
> A bill for this purpose is now in congress and has strong support, not just because the fishermen want to get in on the great Washington give-aways, but because they have been angered and frustrated by two Eisenhower vetoes on their schemes to impose import restrictions.
>
> The plan is dangerous for Canada—and not only because it would spread the handout poison and tend to encourage other pressure groups to stage their own raid on the public treasury.

Therefore, Mr. Chairman, I ask the minister to give extremely earnest consideration to taking measures to assist the Canadian fishing industry.

Mr. Keays: Mr. Chairman, I should be very remiss if I did not at this time address the committee on the estimates which are now under study. The fishing industry is the one and only industry in my riding and as such 100 per cent of its population depend on this industry as a means of survival. The sea has always been the *alma nutrix* of life and its fish produce plays a very substantial part in the economy of Canada.

I should like to take a few minutes in which to pay tribute to the fishermen of this country whom I regard as the hardiest, most fearless and most persistent of workers. They are the hardiest because they know of no limit to the hours they put into the pursuit of their trade. I suggest they are the most fearless because nature with all its whims and fancies does not deter them from pursuing their occupation. They are rocked and rolled not to the music of a Presley or an Anka but by the fury of the sea and wind. Now rising heavenwards, now diving to the depths, they courageously persist in a trade which has not given them a fair return for their labour. Their courage equals that of a Cartier, a Champlain or a Raleigh.

I was glad to note in the speech from the throne that agriculture would be assisted to realize fair returns for its labour and investment, and rightly so. In fact, I have searched for arguments in favour of aid to agriculture which would not apply to fisheries and I must admit that I cannot differentiate the need of the one from the other so far as the cod fisherman is concerned.

The general problem is definitely one of cost of production and a low return for their produce but I am pleased to note that after a request was made by the hon. member for Queens-Lunenburg, the hon. member for Gaspe and the hon. member for Gloucester during the last session for an investigation into price spreads, being the difference between the price paid to the producer and that paid by the consumer, the government has taken action and is now having a study made of the problem.

The major problem, however, seems to be concentrated on the Magdalen islands where the catch of cod has fallen off very seriously and the possibility of an economic crisis exists. Although these hardy people slave at their occupation they are not catching any quantity of cod. As a result, their income is limited and they are not benefiting from the credits of unemployment insurance stamps and will not receive any benefits during the coming winter.

I can see no alternative to this problem except, as in the case of agriculture, that a method of making deficiency payments be set up to alleviate circumstances such as these. I admit that many problems will be encountered in trying to institute such a policy but I feel confident that the present government, which is so concerned about the people in low income brackets, will find a formula suitable to the cod fishermen of the Magdalen islands, the Gaspe coast and the whole eastern seaboard.

I also wish to commend the spirit of co-operation which exists between the Department of Fisheries and the department of fisheries of the province of Quebec and their recent combined effort which resulted in locating herring to be used as bait in the vicinity of the Magdalen islands.

Mr. Tucker: Mr. Chairman, first of all I wish to extend to the Minister of Fisheries and his officials my sincere congratulations and thanks for their co-operation in assisting me whenever I require their services. The organization of the Newfoundland fishing industry has deep, historical roots. This industry developed during the period from 1750 to 1900, its mainstay or principal product from the beginning being the production of dry salted fish for export.

The market for the product of the industry has been the Mediterranean and Caribbean countries, low income areas of primary production also and subject to periodic business depressions. Because of the absence of alternative employment in Newfoundland the effects of such depressions have generally been borne by the fishermen. Since the 1870's the principal instruments of production have been the cod trap, the hook and line and trawls utilizing the inshore runs of codfish in early summer and fall. Settlement has been determined largely by the location of trap berths and adjacent offshore fishing locations along the coast. At the present time there are about 15,000 fishermen in Newfoundland and about 1,000 fishing settlements scattered over some 6,000 miles of coastline. Most of these fishermen are still dependent on the traditional industry.

I feel that at this time I am forced to speak about a campaign promise to provide floor prices for Newfoundland fishery products. This promise was said to have been made by no less a personage than the Prime Minister. It was widely circulated in my riding as well as elsewhere in Newfoundland and became a catch-cry for many candidates. Floor prices for fish, it was claimed, would be one

of the first acts of the new Progressive Conservative administration. I had expected a reference to this matter in the speech from the throne and I am still waiting. Another season of activity has just about ended. Floor prices for fish made a good election promise but as of now there is nothing to show that the plan will ever be anything but a promise.

It is not my intention to take up the time of the committee with the recounting of such incidents as can be drawn from Newfoundland's experience with the present administration. When I speak to this house about the need of a floor price for fishery products it may sound to most of you like just one more demand from one more region of Canada. Perhaps, however, you will tend to be more sympathetic to the over-all problem of the Newfoundland fishery when I tell you that in this modern era there are still fishermen in Newfoundland, many of them in my riding, who make from their calling substantially less than $1,000 a year. Often they are not fortunate enough to find alternative employment in the off-season and this year is no exception because with the apparent recession we are going through in the newsprint industry work is not going to be very easily found.

Some of the great centres of the Newfoundland fishery are to be found along the coast of my riding, and the marks of a proud history are visible to this day in the character and personality of the fine people whom I am honoured to represent. In my riding of Trinity-Conception ancient fish drying flakes exist in the very shadow of modern fish processing plants, providing a near perfect example of the ancient and the modern that is Newfoundland today. Sleek new draggers steam past the cockleshell punts and skiffs of the inshore fishermen, at places like Bay de Verde, Port-de-Grave, Little Catalina and Southport, but always the calling is the same, to reap the incredible harvest of an enormously bountiful ocean, for in more than 450 years one thing has not changed—Newfoundland's waters continue to abound with fish in a hundred varieties.

Here is a challenge to federal planners. In a hungry world, surely methods can be found to convert this teeming natural wealth into food for the undernourished millions and into a way of life for Newfoundlanders that comes reasonably close to the concept of confederation that all of us share. We hear a great deal about the untapped resources Canada possesses. Those who make such statements are referring to minerals, water power or timber. But, Mr. Chairman, it is not at all inconceivable, in fact it is quite probable that the wealth to be found in the waters of Newfoundland may well turn out to be of even greater value than some of the other more readily recognized resources of a growing nation. I should like to see this government embark on a program of exploration of the great fisheries of Canada, and to pursue that avenue of development. I hope most sincerely that the fisheries will not be forgotten or relegated to a back seat in the overall planning of Canada's big and more rewarding tomorrow.

In view of the announcement of the withdrawal of the exclusive right of export of the salt cod by the Newfoundland Fish Exporters Limited, it is hoped, and I urgently impress this upon the responsible ministers, that measures will be taken with the least possible delay to set up an improved system to protect the marketing of salt codfish in the best interests of the Newfoundland fisherman and the industry generally.

The shortage of bait in Newfoundland is so serious that at this time the Department of Fisheries has arranged for a supply from the maritimes. I refer you to page 3505 of *Hansard* for August 14, 1958 where I asked the Minister of Fisheries if his department had taken steps to relieve the shortage, and the minister replied as follows:

> This is something of which my department is very much aware, and the difficulty arises because of the failure of the squid fishery this year. I might say that during last winter the department's bait service froze more herring bait than ever before, but these stocks are now almost exhausted and a fairly critical situation has arisen.
>
> The department, however, has embarked on a serious attempt to relieve the situation. For example, we have two helicopters under charter to the department scouting for squid. I am happy to say that a certain amount of squid has just now been obtained about 30,000 pounds, and it will be delivered very shortly to the areas where it is most urgently needed. We hope to augment this supply. In addition we have obtained 150,000 pounds of herring in the Yarmouth area, which will be delivered to the bait depots in Newfoundland as quickly as we can get suitable transportation for it.

I should like to commend the Minister of Fisheries for this action, although at the same time I should like to impress upon him that steps should be taken to ensure that in the future the Newfoundland bait depots will be always fully stocked with emergency supplies to guard against a possible shortage. It must be stressed that any shortage such as that experienced at the present time means a severe loss of much needed employment to our hard-working fishermen. As a matter of fact, the bait situation was so serious that the minister temporarily suspended the sale of bait to foreign fishing vessels. Again, I am glad that our fishermen got priority, but of course this is as it should be.

It is very encouraging to know that the Department of Fisheries has developed a small mobile refrigerated holding unit which should be of untold value in serving the many fishing communities throughout Newfoundland. Even though this will not prove to be a cure-all, it is sincerely hoped that it will go a long way towards meeting the bait servicing problems. I should like once more to commend the minister and his officials for this realistic approach to a very important problem.

The former administration, as well as the provincial government of Newfoundland, put a great deal of thought and effort into the artificial drying of salted codfish, and it is good to know that the present administration is actively continuing this important work. It is hoped that continued study will prove beneficial to our fishermen, as I am convinced it will.

As the committee is aware, the former administration saw fit to subsidize the price of salt, a commodity which is vital to our salt cod industry. This measure has proven to be very helpful, and I would urge the present administration to not only continue this helpful form of assistance but improve upon it if possible.

I mentioned earlier the serious shortage of bait in Newfoundland. This applies to squid, herring and caplin. I understand the shortage of squid because I am led to believe that they have not appeared in Newfoundland waters this year in the usual large numbers. Of course, this does not explain why the caplin were not frozen and stored, because these small fish appeared in Newfoundland waters in tremendous quantities this year. In so far as herring are concerned, there has been great concern throughout Newfoundland for many years because of their failure to appear in large schools as they have in the past. Surely, in such an important branch of the fishing industry as herring, as well as squid, the fishery research board should put a great deal of effort into research work and exploratory fishing in an attempt to find the cause of the failure of these fish to appear or to locate the schools wherever they may be.

Newfoundland's fisheries rank among the richest and most important in the world, and many Newfoundlanders, directly or indirectly, gain their livelihood from fisheries or trades allied thereto. Many fishing craft of all sorts and sizes are engaged in the shore and bank fishery. Salted codfish is not an unwanted article of food. As a matter of fact, world consumption has increased and the departments of fisheries and trade and commerce must see that we maintain our present markets as well as obtain new ones, and make sure that our fishermen get a proper return for their efforts.

Our fresh fish industry has witnessed a remarkable development. In 1938, we exported approximately 500,000 pounds of fresh fish and in 1957 we exported approximately 53 million pounds. A great deal of the by-products of this industry have been utilized as offal. We hope to see our fresh fish industry continue to grow and expand and to maintain its high standard in the export field.

(Translation):

Mr. English: Mr. Chairman, I am happy to associate myself with the hon. member for Gloucester (Mr. Robichaud) in tendering, on behalf of all representatives of Quebec, my most sincere congratulations to the hon. Minister of Fisheries (Mr. MacLean) on the honour just conferred upon him by the University of Mount Allison, where he has received the honourary degree of Doctor of Laws.

As representative of the riding of Gaspe Mr. Chairman, a district where fishing is one of the main industries, I feel it is my duty to make the voice of our fishermen heard in this house.

I listened with the greatest interest to the speeches of hon. members for Gloucester and for Iles-de-laMadeleine (Mr. Keays). They clearly set out the position of the fisheries in their respective ridings and made very appropriate suggestions to correct the present situation. Mr. Chairman, I do not want to repeat what hon. members said, because I fully agree with them, and I am confident that their suggestions will soon be acted upon.

The fisheries problem in my riding, Mr. Chairman, is very similar to that of New Brunswick and Prince Edward Island, and even of Newfoundland. If I may, I shall point out those similarities. First of all, fishing operations in my province are carried only five or six months a year, and the same is true for New Brunswick and Prince Edward Island. Fishing methods in New Brunswick are the same as in Quebec. Fishing craft are similar. In fact, they are all small boats. In those provinces, they fish mainly for cod; for haddock is getting quite scarce. Prices paid to fishermen are similar: 2½ cents, 2¾ cents and 3 cents a pound. At the beginning of each season, our fishermen start worrying about one thing—always the same—"What price are we going to get this year for our fish?" Some of them, more

worried than others, give up the job and go out to swell the ranks of the unemployed in our cities. Our young people are showing a growing lack of interest in professional fishing. The case as presented, Mr. Chairman, should make us consider the situation and do something to remedy those conditions.

Let us now see, Mr. Chairman, if our fishermen have good reason to complain, if they have actual cause to ask members of parliament for help and to claim, not only some attention, but immediate action on the part of the government.

As I said a moment ago, in my riding fishing operations take place only five or six months a year. In other provinces, they are a year round proposition. Consequently, it is impossible for the province of Quebec, the province of New Brunswick and particularly my own riding, to have the same influence as others on our Canadian and American markets, more especially with regard to fresh cod fillets. Distributors are rather more inclined to favour producers who can supply fresh fish twelve months a year. Fish prices are about the same in Quebec as in Nova Scotia, especially in the summer, but in the wintertime, when there is no fishing at all in Quebec and New Brunswick, when therefore there is no longer any competition and buyers have to take what's available, prices of fresh fish go up in provinces where there is year around fishing, which means that the average price of fish over the twelve months is much higher than the amount received by our fishermen during those five or six months.

Yet, Mr. Chairman, our fishermen have to spend as much for five or six months' operations as do those who operate twelve months running. And you know how much the price of fishing gear has gone up. The hon. member for Gloucester spoke about fishing craft, and you were able to see that their cost has gone up almost 100 per cent. So has the cost of fishing nets. Seven or eight years ago, they could be got for $35.00 and $40.00, while now they cost from $85.00 to $90.00. Everything has gone up—except the price of fish! That has stood pat. How then can you expect those people to feel encouraged to keep up this splendid trade, fishing, one of the oldest in Quebec and in New Brunswick?

Well, Mr. Chairman, as I said before, our fishermen are desperate and they are giving up fishing.

They are worried and I do not blame them, for when the fishing season comes around, they have to borrow thousands of dollars without even knowing what price they will be getting the next day for their fish.

Well, Mr. Chairman, I know that the Minister of Fisheries and his officials are now doing an efficient job, and I congratulate them. I know it is no easy problem to solve; I know it cannot be done in a matter of days, but at least let us make a start at considering it, and try to save our fisheries.

What should the government do? The first thing to do is to find markets. I myself, have gone to much effort to increase fish consumption in the province of Quebec. In the course of my inquiry, I had to visit all the Quebec institutions. I went in every constituency; unfortunately, it must be admitted that fish consumption in the province of Quebec itself —I should say all over the country—is not what it should be. I tried to find out the cause. I questioned the various directors of those institutions and always obtained the same answer: "It is too expensive!"

It is true, Mr. Chairman, that cod fillets are selling at 35 to 40 cents a pound on the American and Canadian markets. This is rather an expensive dish to serve to children and to boarders in our schools and institutions. If the management of boarding schools or institutions are advised to buy round cod, which is excellent and cheaper, we are told: "We are afraid to serve that fish; it has a lot of bones; we are afraid to serve that kind of fish to children and boarders."

Mr. Chairman, cod fillets that sell for 35 to 40 cents a pound on our markets only bring in 2¼ cents or 2½ cents to our fishermen. This is quite a spread, and I would like to know the reasons for it. I was pleased therefore to learn that a royal commission had been appointed to investigate price spreads. I look forward to its findings as I shall be particularly interested in what they will have to say about the causes of this situation.

I also believe, Mr. Chairman, that what has been done for the western farmers could be done for fishermen. I was glad to hear that western wheat is being sent to underdeveloped countries under the Colombo plan. In fact, I was very glad to hear about this, especially as this will help out those who are confronted with serious problems in their respective constituencies or provinces. Would it not be possible to send fish, also, to those countries?

I have made only a few suggestions, Mr. Chairman. I will probably have opportunities to deal again with these problems in which

I am especially interested. I have always been interested in the Gaspe population which is made up mostly of fishermen. I myself come from a family of fishermen. I have carried out an on-the-spot survey of fisheries organization in the province of Nova Scotia. I attended St. Francis Xavier University for a year in order to study co-operative organization. I was the founder of the very first fisheries co-operative in my constituency. All this indicates that I am concerned with this problem.

Mr. Chairman, many requests are made to the government for a solution to unemployment. To my mind, a good way of doing so would be to help fishermen. In this way the number of unemployed in the cities would be reduced. Many people have been leaving the fishing industry, of late, because it is no longer a paying proposition, and have gone out to cities to try to make a living there.

Mr. Chairman, I see that I have been speaking longer than I had meant to. I did feel however I should make these few remarks in the house. I thank the Minister of Fisheries and his staff. I am convinced that they will continue the splendid work they have been doing so far and that eventually they will find a satisfactory solution to the problem that face not only the fishermen of my constituency, but those of all other parts of this country.

(Text):

Mr. Howard: I would like to join other members who have spoken in this debate in expressing appreciation for the helpfulness and the general attitude shown by the minister and his officials when they appeared before the standing committee on marine and fisheries. I am sure this committee gave some of us an opportunity to learn more of the details of the complexities in the fisheries industries of our country and to better assess the effect of the actions of the department on fisheries in all parts of Canada, not from a provincial or parochial point of view but from the point of view of the effect upon Canada as a whole. I have but one or two comments to make at this time and one or two questions to pose because I think the bulk of the work was done in committee, undoubtedly in a very excellent way. The answers given were complete and detailed.

The population of Canada, as in many other nations, is slowly increasing in size, and history has shown that generally speaking when countries increase their population beyond a certain point there is a greater tendency to use the products of the sea as foodstuffs. Some nations do so perhaps because of a decline in the richness of the arable land and others because their arable land may be insufficient to provide the per capita requirements of food. They consequently look to the sea for a supplement to their diets. We know that fish is a high quality and high protein food. I personally am more partial to fish than to other protein foods, although this partiality may not be shared by many people. In the years to come I am sure, however, that we in Canada will be in the same position as that of other countries in the past, having to look to the ocean for additional foodstuffs, not only for domestic use but also for use as exports to other nations.

We must make sure that our present fisheries are maintained and must also enhance them and attempt to guarantee that other industries and interests do not enter in a detrimental way into the fisheries of our nation. I am thinking particularly of the hydroelectric interests in so far as the province of British Columbia is concerned, where we have had a fish versus power controversy for some time. So far as I know, not too much damage has been done to the fisheries as yet, but there is a possibility that in the future, if the power interests are allowed to have their way and are given the right to develop fish rivers for hydroelectric purposes, this will have a detrimental effect upon the fisheries of British Columbia, particularly the salmon fisheries. I know that the attitude of the minister and his departmental officials as expressed in the standing committee is one which will ensure to the greatest possible extent that our fish rivers are protected and that our migrating fish, particularly the salmon, are not interfered with by the development of these rivers for hydroelectric purposes.

We must do everything we possibly can to ensure that none of our fish rivers is harmfully developed for hydroelectric purposes although our power requirements are met. Within the next decade or thereabouts we will in fact probably have protected our present fish rivers and to the greatest possible degree will have met the demands for power for it is to be hoped that by that time sufficient research and engineering work will have been done with respect to nuclear energy that we may channel nuclear power into the generation of electric power.

We have in British Columbia very large potential hydroelectric sites which in no way will affect the fisheries of the Pacific coast. I refer particularly to the Columbia river also to the so-called Wenner-Gren project in the northern part of the province, and I hope the department will be able to maintain the position it has held over the years of protecting our fish rivers, and also that other parts of government, the federal government and the provincial government in British Columbia, will be able to co-operate in such a way that these potential hydroelectric sites may be developed so that the fullest possible service can be given to the general public. I am sure that if we operate in that light we will be meeting the hydroelectric requirements and doing so in such a way as to guarantee that the operation of these sites and the distribution of electrical power will serve the interest of the public to the greatest possible extent. We will also be laying the ground work for the possibility of using nuclear power in the years to come, and we will have the best of both worlds, as it were, arising out of that sort of action.

I should like to mention also to the minister a matter which comes under the Department of Agriculture. If it has not already been drawn to the attention of the Minister of Fisheries, if he would look at *Hansard* for August 1, beginning on page 2964 he would find on that page and on a number of pages following a discussion between the Minister of Agriculture and myself with respect to the granting of subsidies under the Cold Storage Act. I think that a few months ago the policy of the government was that they would make a grant of one-third of the cost toward building public cold storage facilities. Recently, the regulations have changed so that a maximum of $50,000 was placed on this one-third of the total cost, and the information we were able to get from the Minister of Agriculture in this regard, very briefly, was that the reason behind the imposition of this $50,000 limit was, apparently, that there were sufficient cold storage facilities in some areas as not to warrant additional subsidies on the part of the government and that these cold storage facilities were, in the main being used only to the extent of 50 per cent of their capacity. If the minister would read *Hansard* of August 1 he would be able to get a far more complete picture than I am able to give at this time and one which can only be obtained after reading all the questions and answers as they developed.

I directed some questions to the Minister of Agriculture on that occasion, asking if he could give me some statistical information about the number of cold storage facilities which handled fish products, the number which handled agricultural products and the number which handled foodstuffs of a mixed nature, but the minister did not have those facts available in detail on that occasion. Subsequently he sent me a letter and I should like to draw it to the attention of the Minister of Fisheries. It amplifies the information which was given me on August 1 and it says, in part:

> My department informs me that there are 249 warehouses in Canada which store exclusively, or in the main, fish or fisheries products and 1,969 which store in the main agricultural products and, in addition, 849 warehouses which are classified as general, i.e. storing a variety of products.

The view we think should be taken with regard to the operation of the Cold Storage Act is this: there are approximately, as shown in this letter, eight times as many agricultural products cold storage warehouses as there are fisheries products cold storage warehouses, and I think it would be more advantageous to meeting the need that exists at least in some parts of the country—and in one case with which I am particularly concerned—if we could divide the consideration of the application of this subsidy as between fisheries products cold storage needs and agricultural products cold storage needs. If we do that I am sure the fishery requirements would not then be affected by the conditions which exist in the agricultural products field.

I hope the minister will undertake to consult with the Minister of Agriculture from the point of view of attempting to consider separately the requirements of fish cold storage facilities as opposed to agricultural cold storage facilities. If the minister does that and has, correspondingly, more say in the granting of such subsidies I am sure we will be able to reverse the decision of the Department of Agriculture which, I think, is not justified as it applies to fish cold storage facilities, and revert to the provision which existed previously, namely a one-third subsidy having a $50,000 limit.

I have one or two other questions to ask, and it may well be I could pose them now since I have a few minutes left before six o'clock. Perhaps the minister could get additional information, if it is required, during the supper hour and answer them at eight o'clock.

One relates to a specific vote concerning the operation of the international Pacific salmon fisheries commission. I understand there is a meeting, which may still be in progress, of a committee of the Pacific salmon fisheries commission which is being held in

Hawaii. I wonder whether the minister is able to impart to this committee any information as to the conclusions or recommendations which have been made arising out of the meeting in Hawaii of this tripartite committee.

In addition, I again wish to raise the question of the conflict which exists with respect to this research work which is being done in the north Pacific about salmon—who gets them, where they intermingle and so on. There has been quite a bit of controversy over this in years past, and in this regard I directed a question to the minister on May 21, and the answer which he gave, if I may quote it in part, was this:

> The Canadian part of the co-ordinated research program in 1958 consists of having two large vessels make two cruises each, one in March and one in August, north of latitude 45 degrees north just east of longitude 175 degrees west.

I wonder if the minister is in a position to indicate what information this cruise that was made in March has produced, or whether it is more desirous to wait until the research program of August is completed and until the spot fishing tests which were to be made from mid-May to mid-September are completed so we will have a complete look at the information those vessels are able to procure.

The attitude of the department with respect to previous research trips into the north Pacific area based on the data they were able to compile was that no Canadian fish had been caught by Japanese fisheries in that area. There are two reasons for the conflict concerning whether or not Japanese fisheries are catching Canadian fish in the high seas in the mid-Pacific and one reason is this. In the past Canadian research vessels did not travel beyond the 155th degree of west longitude which is 20 degrees of longitude or roughly 750 miles west of this line. The other reason is that we in Canada have relied upon information collected by United States research vessels that were supposed to have been in the area between 155 degrees west and 175 degrees west. The contention is that by relying on the information collected by the United States vessels we did not have an opportunity to see in full detail the statistical information that was compiled but rather we relied only on the interpretation placed on that information by the United States officials involved. Also, the studies of the United States research vessels were primarily directed toward gathering evidence for the protection of the Bristol Bay sockeye and other Alaska salmon and not toward gathering information with respect to our own Canadian salmon.

[Mr. Howard.]

The Alaska Sportsman of April 1958 carried an interesting article on this question. Whether or not the conclusions drawn in the article are based on scientific studies is beyond my knowledge but the fact is that publicity has been given by an Alaskan magazine to the question of research conducted in the north Pacific. The article states in part:

> —American salmon mingle with salmon of Asiatic origin. At 175 degrees west longitude, stocks are 90 per cent American and 10 per cent Asian. Even at 170 degrees east the ratio is 40 per cent American and 60 per cent Asiatic salmon.

The article then goes on to make reference to catches and other matters but the point is that the United States research vessels as indicated in this article have conducted their research with relation to American or Alaskan salmon and not to Canadian salmon as indicated by the references to the ratio of the catch.

I have not seen all the statistical information gathered by Canadian, United States and Japanese research vessels and indeed even if I had I would not be able to interpret it or know precisely what it means. But there is this difference of opinion as to whether or not the Japanese are catching our salmon on the high seas. For that reason I was interested to learn what the minister said on May 21 to the effect that our research vessels this year are to move out in the area up to 175 degrees where we had not ventured before. I hope as a result of this move and the information collected from the studies made we will be able to state as a definite scientific fact whether or not the Japanese are catching our salmon or, as a result of that, we will be able to agree with the members of the tripartite commission that a certain non-fishing area should be declared there. I believe it is a proven fact that to catch salmon on the high seas means catching them before they are fully grown. In effect this does not allow the salmon to mature and has a detrimental effect on our entire fisheries interests.

In making these remarks I had to digress to a certain degree and deal with a matter that perhaps more properly could have been dealt with when the specific vote is called but I thought it necessary to include that topic in my general remarks. I hope the minister will be able to deal with the questions I raised when he rises to reply on this vote but if he desires to hold over some aspects of the questions and answer them on specific votes that will be perfectly satisfactory.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Granger: Mr. Chairman, the fishery is the oldest industry in Canada and probably ever since there was a fishery there have been problems connected with it. But no one can say the fisheries did not get off to a good start. When John Cabot discovered the new world he made his voyage of discovery looking for gold, silver and precious stones. Instead he found codfish but over the years the fisheries he discovered have brought in more wealth than his backers could have ever hoped to find in the form of gold mines or diamonds. But since its inception this ancient industry has run into peculiar and serious problems from time to time. These problems are not peculiar to modern times alone. A great Canadian statesman revered by all, perhaps particularly so by a large section of this house, and who at one time, I believe, occupied the offices now occupied by the Minister of Fisheries, Sir John A. Macdonald, had this to say in writing on May 1, 1878 to Sir Stafford Northcote with respect to confederation with Newfoundland:

> Lastly, it is of importance to imperial interests that Newfoundland should be added to the dominion. It would complete the great scheme of British North American confederation begun in 1867—it would relieve the colonial office from the trouble and responsibility of the direct government of the island, and it would throw upon Canada the burthen of its defence. And that defence would necessitate the creation of something like a naval force by our government. But more than all, in any future negotiations with the United States on the troublesome question of the fisheries, the subject could be dealt with as a whole.

Later in 1890 he again referred to the fisheries when he said with respect to Newfoundland and the Dominion of Canada:

> At present the policies of the two governments on commercial, fishing and other questions are often divergent.

I think that even today the problems which Newfoundland has and those of the rest of Canada are sometimes divergent. But it is not for want of constant reminder that we have not yet solved the problems of the fisheries of the east coast. I would be the last one to say that nothing has been done because a great deal has been done to improve the fisheries in my native province. The provincial government, with its policy of assisting industry, has helped to bring about what may well be described as a revolution in the fisheries, particularly in its assistance in the industrialization of the fisheries; while on the other hand the impact of confederation on Newfoundland was perhaps nowhere more marked than in the fishing industry because the government of Canada, through its Department of Fisheries, has been giving excellent service to the province of Newfoundland.

But the whole problem, although bit by bit it is being attended to, has never been completely solved nor has a way yet been found to place the fisheries upon the same basis as the other great industries of Canada. The fisheries of this country are without doubt one of our great national resources. We talk of spending huge sums of money on the development of various parts of our great nation but I do not think that relatively we are spending either enough effort or enough money on the development of our fisheries. I might use a scriptural phrase in describing all the laudable attempts being made to develop and exploit our industries and resources—"these ought ye to have done but not to have left the other undone".

It is no longer a secret that the ships of at least 10 nations are fishing off our shores. While those concerned with the defence of the country are somewhat worried over the presence of large trawlers in our waters, I do not think that comparable worry is evinced over the trade which fishing fleets of foreign nations are taking away from us. Instead of being the foremost fishing country in the world we are being pushed back from that position and we shall soon lose our lead completely.

For years I have heard scientists and economists tell us that the greatest fishery ever known, the trap fishery of Newfoundland, was doing the fisheries more harm than good. I cannot subscribe to that opinion. It is true that vast quantities of fish come in during the short season and are trapped. They must be caught and processed quickly and it has been difficult to find a way to do that other than by the old methods used since John Cabot discovered Newfoundland. But if the great canning plants of this continent can deal with fruits and vegetables which have short seasons I see no reason why the scientific ingenuity available in this modern age cannot look after the surplus fish that come to Canadian waters during what we call the trap fishery.

Again, while large fleets of ships are in Newfoundland waters comparatively few of them are Canadian ships. We have three large trawlers, the largest being approximately 400 tons. Then we have a total of 50 other trawlers and 13 draggers above 100 tons and five between 75 and 100 tons. Perhaps more than anyone else I am aware of the need to extend help to the small fishermen, the need for small harbours, dredging work, navigational aids, salt assistance and loans

to these fishermen, but at the same time I do not think we should overlook the need for a large deep sea fleet.

There appears to be nothing we can do to prevent our competitors from fishing off our shores on the Newfoundland banks but certainly there is something we can do to compete with them by bringing about greater and cheaper production and better markets. While the fresh fish industry is growing and thriving the salt fish industry, which is really the basis of Newfoundland economy, is dwindling. But the salt fish business is still the basic industry of the country. Of a total of 16,000 to 17,000 people in the fisheries about 12,000 are employed in the salt codfish business.

The salt cod fishery is really the foundation of our economy and is a sort of buffer industry which takes up the slack when other employment fails. This is particularly noticeable this year when there has been a falling off of construction work and woods employment and perhaps nearly 2,000 more men have returned to the fishery.

However, the time is going to come when they will not be able to do that. A farmer can become a miner and a miner can become a woods operator, but a deep-sea fisherman has to be bred to the sea. Let the young men who normally prosecute the fisheries get away from them or not go into the fisheries in the first place and it is doubtful if they would be able, even if they were willing, to return to the salt codfish industry or the deep-sea fishery later in life. There are many men, to my own personal knowledge, who would rather be fishermen if they could make the same living as fishermen as they can as mechanics. However, the return from the salt cod fishery is so low that they choose other work, although as a vocation they would much prefer to be fishermen.

One thing that would help the fisheries considerably would be a direct shipping line to the West Indies. Since Newfoundland is an island she cannot exploit the mainland markets and should be given assistance in getting fish to the market at the same cost as her sister Atlantic provinces. Again this year there seems to be a shortage of bait and a shortage of salt and both of these factors adversely affect codfishing. Then, too, we have to compete with subsidies. For instance, the Icelandic government subsidizes its fishermen sometimes paying as much as $360 per fishing boat per day. The French subsidize their fishermen. I believe the Portuguese government pays a subsidy as well. It is true that Portugal does not compete with us in foreign markets. At one time, Portugal was a market for our fish, but as she produced more and more herself we could not sell any more there. The payment of these subsidies makes it extremely difficult for Canadian fishermen to make a living and still sell their fish cheaply enough to compete with these other nations.

All in all, the present position is that there seems to be a steady decline in the amount of salt codfish produced. I am not sure that the contention that we produce a product expensively to sell to poor markets is altogether true. Where is there stronger buying power, except in the United States, than in Puerto Rico, Cuba, Jamaica, Brazil and such countries?

A few minutes ago I mentioned that there were the fleets of ten nations operating on the grand banks. I, myself, have seen fleets of white-painted ships standing out of the harbour of St. John's in all their magnificence, but they were not Canadian ships. I have seen throngs of fishermen on the streets of St. John's, but they were not Canadian nationals. The fruits of the sea which these sailors were harvesting represent a loss of trade to us. Earlier I referred to the fact that Iceland subsidizes its fishermen. It is interesting to note that Newfoundland lost the Jamaican market to Iceland recently. It is interesting also to note that yesterday it was announced that Russia is lending Iceland $3.5 million for the construction of fishing boats. It is worth noting that the Canadian trade with Jamaica is as much as 2½ to 3 times in our favour, and that sugar from the West Indies is coming in under a protective tariff which will possibly put the New Brunswick refineries out of business. I rather think that is turning the other cheek a little bit too often.

The removal of the exclusive right of NAFEL to export fish is something which I should like the Department of Fisheries to consider very carefully. It is true that there should be free trade between our own provinces, but I should like to point out that the fish produced in Newfoundland is produced by virtue of the plants that already exist there, the stores, the wharves and so on, all of which cost a lot of money and represent capital invested in Newfoundland by the local fish trade. If the product which that investment makes possible is to be processed by a sister province which has no risk capital involved, it places the whole structure of the local industry in jeopardy.

The oldest industry in Canada, Mr. Chairman, can I am sure become even at this late date a profitable one. We pride ourselves on the size of our nation. We are proud of the fact that it extends from sea to sea. We are proud of the motto that the wholesome sea is at the eastern and western gates of Canada. But if we confine our efforts to the

exploitation of the land and stop at the seashore, there is really little reason for us to take pride in the rolling billows. The proper development and exploitation of our great and wealthy country should not stop at the seashore but should extend into the waters which surround us, waters which are ours, waters which have in them the wealth which for hundreds of years has provided a livelihood for many of our best citizens and supplied Canada with an export trade of great value.

Certainly, it is to the interest of all to develop the whole of Canada, including the wealth that is in the sea. With the capacities we have today, natural and acquired, with our native ingenuity, scientific skill and commercial force, we can inject into this ancient industry the virility which is the hallmark of Canadian enterprise.

Mr. Crouse: Mr. Chairman—

Mr. Legere: Mr. Chairman, it gives me a great deal of pleasure and I deem it an honour—

The Chairman: Order. I regret to interrupt the hon. member but the hon. member for Queens-Lunenberg has the floor.

Mr. Crouse: —representing Queens-Lunenberg and living in the town of Lunenberg, the home of the largest deep-sea fishing fleet in North America, I feel it is only proper that I should make a few remarks on the estimates of the Department of Fisheries.

First, I should like to congratulate the minister on the high honour that was bestowed upon him by Mount Allison University last Saturday. I shall try to make my remarks as brief as possible, but there are a few points that I should like to bring to the attention of the minister. Many of my constituents are directly concerned with the fishing industry and any changes that affect this industry have a direct bearing on their earnings.

In recent years there has been a gradual change taking place within the fishing industry and this change is quite evident when you travel the south shore of Nova Scotia. You will see along the coast small wharves and fish sheds, and long rows of fish flakes which are deteriorating in the sun. Formerly fish were landed at these small wharves and were washed there by the fishermen and their wives. But today as we have progressed in the industry, modern fish dryers have been installed in the larger plants, and also automatic fish washing machines, thus eliminating the need for the old fashioned method of drying fish in the sun. However, there are many who will argue that sun dried fish are of higher quality; and as a matter of interest I may say that the Gaspe cure does have a preference in certain markets throughout the world. However, those within the industry are today mostly concerned with the marketing and catching of fish.

For the benefit of those who are not familiar with the fishing industry I should like to point out that it is divided into two sections. There is the salt fishing industry and there is the fresh fishing industry. Of late, we have heard a good deal about the salt fishing industry owing to the loss of one of its most important markets in Jamaica. The control of fish imports in this British West Indies island rests with trade minister the Hon. Wills O. Isaacs. We have recently seen this island of Jamaica buying some 3,000 tons of salt cod from Iceland on the grounds that the price is about one half cent a pound below that quoted by the Canadian trade.

Trade should be a two-way street. We buy a good deal of sugar from the island of Jamaica. In fact, in 1956 Canadian refineries bought 36 per cent of Jamaica's 1956 sugar production or 132,000 tons. If this sugar had been bought from a non-commonwealth producing country the Canadian treasury would have collected additional import duties of approximately $2,900,000. In that same year the total value of all the salt and pickled fish that Canada sold to Jamaica was approximately $3,255,000. In other words, by virtue of this sugar preference the Jamaican sugar industry obtained from Canadian refineries between $2½ million and $3 million more for the sugar sold to Canada in 1956 than would have been realized if this $1 per one hundred pounds preference did not exist. To reduce this situation to a point of being ridiculous, may I say that the Canadian government would have lost out financially only to the extent of $355,000 if we had donated all the salt and pickled fish that Jamaica purchased from Canada in 1956 instead of giving the sugar preference.

In spite of these facts, and in spite of a public statement by the Jamaican minister Mr. Isaacs that the Canadian sugar market is vital to Jamaica's existence, no consideration was given this country by Jamaica when purchasing this 3,000 tons of dried salt codfish. I believe the time has arrived for the Canadian government to speak plainly to the Jamaican government. I do not feel that it would be at all unreasonable to point out to Jamaica that if they want to continue to enjoy the Canadian sugar preference along with tariff preferences on liquor, et cetera, they must decontrol the price of salt cod and let supply, demand and competition prevail. Only in this way can our Canadian salt fish exporters be given the assistance in marketing their product which is so urgently required by this basic industry.

Assistance to our fresh fish industry is also required. This assistance should take into consideration the increased cost of boats and equipment today as compared with costs say ten years ago. At the present time fishermen receive practically the same prices for their catch as they received ten years ago, this despite the fact that it takes $2 today to purchase what $1 would buy in 1947. The effect of all the scientific advances with regard to refrigeration of fish and improved marketing facilities which have increased sales of this product have not brought an increase of one per cent pound to the fishermen themselves in the last ten years.

The reason that this condition exists is sometimes attributed to larger catches by more mechanized boats, but the truth of the matter is that, regardless of catches, or rates of United States exchange, or shortage of fish, there is no improvement in price to the fishermen. Dominion bureau of statistics figures show a drastic drop in the stocks of fresh and frozen fish in reserve. There is a terrific shortage of ground fish on the banks—I refer to certain types of ground fish such as cod and haddock—and the new regulations with regard to mesh size imposes further hardship on our east coast fishermen who must catch fish each trip to sea or starve. They have no big reserve of capital built up when prices were high, for prices have never been high for this basic food commodity to the primary producer. They have no guaranteed salary and work only in anticipation of their share of the catch.

It is true that they are living and existing but only by working exhausting hours. In fact, men have been known to stand on the deck of a ship dressing fish for some 24 hours at a time, stopping only long enough to eat. They must do this at times in order to clear the deck of fish. But whether the catches are fair or poor, the price remains almost static over the years. This does not apply only to fresh fish but also to the salt fish industry. I believe that some form of assistance must be considered in order to encourage men to continue in this industry.

The department is contemplating further research. I should like to suggest to the minister that further consideration be given to investigating the scallop beds. I have been looking at the new Canadian fishing vessel the *A. T. Cameron* built for the fisheries research board of Canada. It looks like a very capable ship of a size that will be a credit to Canada and a credit to the men in the department who had a hand in designing this ship. It is a draggers style ship which should certainly be seaworthy.

[Mr. Crouse.]

I should like to suggest that some consideration be given to investigating the scallop beds. This shell-fish now provides a most important source of income to the Atlantic coast fishermen. In fact the 1956 production in the maritime provinces was in excess of $1 million, and production has been growing rapidly. The tremendous improvement in this fishery can be realized when we consider the fact that the catch was valued at less than one-quarter of a million dollars in 1951. The scallop fishery, prior to 1953, was carried out principally by small boats fishing inshore banks close to port. The only exception to this was in the Digby and Northumberland strait area where these fisheries are relatively stable and somewhat larger boats are used, ranging up to 65 feet in length. However, in recent years much larger boats have been used in this fishery, ranging from 90 feet to 95 feet in length, and these boats fish far from their home ports on George's bank close to the coast of the United States and also on the offshore banks of Nova Scotia and Newfoundland.

It is, however, agreed among these fishermen in my riding that continuous research is necessary in the scallop industry to assist them in locating new beds which, so far as the offshore fishery is concerned, have a tendency to shift with changing water temperatures. I would like to suggest that this information regarding new scallop bed locations be widely advertised by the fisheries department so that all those in the industry may avail themselves of the opportunity to make use of the findings of the department as new beds are discovered. The scallop is highly nutritious and can be conveniently stored, and I would like to suggest that the government further assist this industry by increased advertising and promotion and suggested uses for this fish on Canadian trains and in government institutions.

From information supplied to me by sea captains on the east coast who fish out of my home port of Lunenburg, it is my understanding that stocks of shrimp are on the increase on the offshore banks of Nova Scotia. We are all aware that this shellfish is a delicacy and is what we in the industry call a high priced fish, bringing a return to the fisherman which is comparable to that from lobsters, scallops, halibut and swordfish. In my opinion the fisheries research board should give immediate consideration to investigating the supplies of shrimp which are available in the hope that the quantity of the shrimp on the Nova Scotia cost should be determined and so that the fishermen may be advised whether this fishery could be economically established.

To further greater participation by the fresh fish industry, I would like to suggest that the government increase the present subsidy payment on ships built up to a length of 100 feet. Those who live in the Atlantic provinces realize that in the sea, we have at our front door a great natural resource. This fact is also recognized by France, Portugal, Italy, Spain, the United States and Iceland, to name but a few of the countries and, as the population of the world grows and the amount of arable land diminishes, we must turn to the sea for our food supplies. The encouragement of the construction of draggers up to 100 feet in length would, I believe, be of great importance not only to the fish industry but, having in mind that we no longer have a large merchant fleet, these ships in time of war could be an invaluable asset to the nation.

I would suggest that this government, through the Department of Fisheries, should give serious consideration to extending the present subsidy of $165 per ton, which is limited to ships of up to 65 feet in length, to ships up to 100 feet in length. Further assistance which could be provided to the fresh fishing industry would be the paying of the cost of the ice used by these fishermen. We do assist the salt fish industry at the present time by paying a proportion of the price of the salt used by that industry, and I believe that in keeping with the department's views with respect to having the fish landed in prime condition this assistance could be extended in respect of fresh fish in the manner I have just outlined.

The United States government has, as stated by the hon. member for Gloucester, planned some assistance for their fishing industry, and I believe the time has arrived when consideration must be given to our basic industry in Canada and I hope in this regard that the proposals I have made will be carefully studied for the benefit of the Canadian fishermen.

Mr. Legere: Mr. Chairman, it gives me a great deal of pleasure, and I deem it an honour to rise to speak in this house for the first time. I wish to tender my congratulations to Mr. Speaker upon his re-election to the high office of Speaker of this House of Commons, and may I also congratulate the hon. member chosen as the Deputy Speaker.

On this occasion, with your kind permission, Mr. Chairman, I would like to express my deepest appreciation to the electorate of Shelburne-Yarmouth-Clare for having bestowed upon me the high honour of representing them in this House of Commons. May I be able to represent them with honour, integrity and devotion throughout my tenure of office as a member of this house.

I would like to point out that I do not wish to criticize the political tactics of the opposition, for I know that March 31 was sufficient punishment for their political sins. They and they alone must live with their guilty political consciences.

The constituency I have the honour to represent is located on the southwestern coast of Nova Scotia, where its scenic beauty is a household word—

Mr. Robichaud: What kind of fish is this?

An hon. Member: Red herring.

Mr. Legere: —and where tourist attractions are many and varied. This area was considered by the rest of Canada as a depressed area for many years. The phrase "We never had it so good" could certainly never have been said of Nova Scotia, particularly the constituency of Shelburne-Yarmouth-Clare. However, after the election of June 10 better things were in the offing and before long we were promised that we would at last be recognized as part of this great country of ours. We in the maritimes greeted this change with open arms and we have already felt the beneficial effects of the theme of our Prime Minister, namely, justice and equality for all.

(Translation):

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(Text):

When the first white men came to Nova Scotia it was for one main purpose, to fish. They found that the waters which surrounded the Nova Scotia peninsula were swarming with fish, and year after year they continued to return filling their ships from the bounty of the sea.

Now, four centuries later, fishing is still the main attraction and essential industry, the sole means of livelihood for many, many of my constituents. Fishing is a major and essential industry in my constituency. Therein lies, in my estimation, the Liberal's Waterloo. They were unaware of the necessity for the furtherance of the economy of my constituents. They encouraged them to fish, but neglected to better their lot by providing them with the necessities that are part and parcel of every endeavour. Just drive down from Weymouth, Nova Scotia to the end of Shelburne county and you will be amazed at the scenery, the neat rows of wooden lobster traps, the picturesque Cape Island type boat; but you will also see, in vast numbers, wharves in disrepair, no docking facilities where they should be, inadequate harbour facilities for those who go down to the sea in search of a livelihood. There, in my estimation, lie the relics of Liberal neglect, mute testimonials of their good will, perhaps, but also of their laissez-faire attitude. It is one of the cross-currents that shipwrecked them on the 31st of March.

Already, we of the maritimes are feeling the beneficial effects of the public works program, and I wish to commend the government for its encouraging attitude toward better harbour facilities, a step which, as time goes on, will lengthen its stride, thereby giving the toilers of the deep a means of disposing of their fishery products more quickly and more efficiently, and resulting in better quality.

However, along with the necessity of better harbour and dock facilities to ensure a high quality of fishery products, I would like, Mr. Chairman, to add a plea that additional transportation means be provided to maintain the renowned high standard of my constituency's lobster and fresh and salt fish, for after this summer we of the town known as the gateway to the maritimes are not assured of the services of the S. S. *Yarmouth Castle*. In order to fill the breach caused by her departure for other ports, I would urge that the government take under consideration the building of a new ferry to handle the ever-increasing shipments and the mounting tourist trade for, indeed, the latter has increased by leaps and bounds since our friends, the Americans, have become aware of the attractions many and varied offered by this province known as the ocean's playground where one may dip contentedly in the briny deep, and enjoy restful breeze-kissed evenings which ensure peaceful and pleasant slumbers.

Motels and private homes dot the highways where once bushes and alders grew. The national housing loan board, through its ever-increasing expansion and government foresight, makes it possible to meet the growing needs of tourist trade. May I, Mr. Chairman, commend the government for its awareness of the people's problems along this line. We all know that the construction of federal buildings and of private homes means more pay cheques and better trade.

Security for the home-owners and their families naturally springs from the ability of each and every one to earn a decent living wage. However, this does not mean that unemployment—although it is decreasing—does not exist in my riding. It would be foolhardy to deny it. At this moment, nevertheless, I appreciate what the Conservative government has done and is doing to ameliorate the situation, to step in and supplement seasonal lay-offs and lack of work with not only one but two extensions of benefit periods, which in many areas throughout my constituency are a godsend. I know that this is not a cure-all for unemployment ills, but I am sure the hon. members of this committee will agree with me that it is a step in the right direction, and led on by many more steps of this nature, we will, eventually, come to the promised land of peace, prosperity and contentment.

Mr. Chairman, with your kind permission and begging the indulgence of the house, I wish to illustrate the dire need for fishery protection craft, adequately manned and strategically located to assist fishermen in distress. Twenty years ago a near tragedy occurred which forcefully illustrates the lack of adequate search and rescue vessels, and if

hon. members will bear with me, I shall endeavour to substantiate my assertion with a story.

On the 15th of December, 1938, after three days of wintery weather, the sun greeted the village of Pinkney's Point with the promise of a perfect fishing day. The turbulent and angry sea of previous days lazily and reposingly invited the fishermen to venture out and retrieve the lobsters which had crawled into their unmolested traps. As they gladly left the wharf on this eventful morning, no one thought that before another day dawned nerve-wracking tension and heart-rending anxiety would disturb the serenity of this village. For throughout this day, so calm and peaceful, the boats flitted about on the vast expanse, and there the men happily hauled their traps, all the while speculating on the good catch that was theirs. And as the sun slowly sank in the west one by one they returned to the safety of their home port.

However, due to the large quantity of traps, one lagged behind unaware of the impending storm gathering on the horizon, unmindful of the snow that began falling; the men thinking only of the many needed items that their bountiful catch would provide for their beloved ones, thinking, as they worked on, of the rejoicing there would be in their homes that evening as they handed to their wives the day's pay cheque. So absorbed were they that they noticed not the wind's mournful tone and its increasing intensity. Finally the last trap was hauled, and then they compass-pointed the prow of their boat homeward.

However, fate dealt them a cruel hand. The shafting had broken. Hastily, preparations were made to ensure safety while waiting for rescue, but in an hour's time the storm had so intensified that it was impossible for the fleet to venture out. The men of the village remained on the wharf and spoke in hushed tones, knowing that if rescue was not imminent, chances of survival were small. I will not attempt, Mr. Chairman, to describe the gamut of emotions that were part and parcel of that night. The beloved ones lingeringly thought that their morning's kiss would be the last one they would ever have from their beloved husbands.

And on the storm-lashed sea two men fought valiantly for their lives. Their frail craft, tossed about by mountainous seas, happily weathered the storm, and next morning to the rejoicing of all they were towed back to the haven of their home port. The harrowing experience remains indelibly etched on their minds. Thankful that they had been spared, and promise-bound, the next Sunday they came to the village church, garbed in their fishing clothes of black rubber, and as they kneeled at the foot of the altar and offered prayers of thanks for having been saved, the congregation also prayed. All eyes bedimmed by tears lifted toward heaven, imploringly pleading for the establishment of rescue service made possible through specially built and crew-manned coast guard vessels.

May I at this point say that in past years many village churches have witnessed such scenes; however, with a slight change in scenery. The congregation and relatives have gathered to pray, yes, but also to mourn and pay their last respects to a loved one lying in a watery grave. For 19 years this plea has fallen on deaf ears and nothing has been done to allay the fears of those who daily pit their skill and daring against the whims of mother nature.

Mr. Chairman, I have endeavoured to present before this committee the wish of every fisherman along the entire sea coast of Nova Scotia. I have also, though perhaps awkwardly, endeavoured to present the wish of every widow and child of those who found a watery grave as their final resting place and on their behalf I respectfully and humbly urge that provision be made for the building of adequate coast guard cutters for the protection of a vast fishing fleet that is part and parcel of Nova Scotia's primary industry.

Mr. Carter: Mr. Chairman, it is usual to congratulate an hon. member on his maiden speech and I wish to convey my congratulations to the hon. member for Shelburne-Yarmouth-Clare who has just taken his seat although I must confess I was somewhat concerned when I noticed the huge string of red herrings with which he started out. Once he disposed of these, however, he did very well and I am sure he deserves our congratulations.

These estimates have already been very thoroughly discussed in the standing committee on fisheries and I should like at this time to pay tribute to the hon. member for Gaspe who acted as chairman of that committee, and who conducted the discussions with such great harmony and, I think, with great profit to all of us. I hope that all hon. members will make a point of reading the minutes and reported evidence of that committee because it is very enlightening, particularly for those hon. members who may not be familiar with the fishing industry.

I should also like to thank the minister and his home economics branch for the very fine luncheon which he tendered to that committee. The only thing that concerned me was that I noticed Newfoundland salt fish was relegated to a rather minor role on the menu. I believe this was the third time I have enjoyed a luncheon under the sponsorship of the Department of Fisheries and if my memory serves me correctly on

each occasion we have started out with salt fish chowder. I do hope when the next fisheries luncheon comes around Newfoundland salt cod will enjoy a much more prominent place on the menu. I would suggest to the minister that it might be worth while to have luncheons organized on a provincial basis. We could put up a very nice luncheon of Newfoundland fish products alone and I am sure the same could be done by Nova Scotia and the other maritime provinces. This would give us a chance to learn something about the fisheries not only of the east coast but of the west coast and even of the central provinces. We could have 10 luncheons a year with samples of the fisheries products from one province at each luncheon.

The hon. member for Grand Falls-White Bay-Labrador has already referred to the traditional importance of the Newfoundland fisheries. Historically the fishing industry has been the mainstay of the economy of Newfoundland. In the old days Newfoundland had a single crop economy based entirely on the production of salt cod. In rather recent years, as late as 1914 when world war I started, we got another basket for our eggs when we began to develop the fresh fish industry. And then, of course, as time went on the products of our forests and mines began to have more dollar value than did our fisheries but even then the fishing industry was still of major importance because it gave employment to the greatest number of people. Now that we in Newfoundland are experiencing a bit of depression, with unemployment more than double what it normally is, more and more people have been forced to return to the fisheries and so the industry is once more assuming its prominent historic importance as a major source of employment.

My friend the hon. member for Shelburne-Yarmouth-Clare tried to make out that nothing had ever been done for the fishing industry. I would be the last to say that enough has been done for the fisheries or that as much has been done for the fisheries as for the farming industry and yet I would point out to my hon. friend that nevertheless a great deal has been done for the fishing industry. I refer him to our price supports, to the salt rebate, to fisheries loans, to insurance on lobster traps, to bounties on fishing vessels, to unemployment insurance for fishermen and, in Newfoundland, to the bait service. All of these things were done by the Liberal government. When you total them all up they constitute a substantial amount of assistance to the fishing industry although, as I said, I believe still more is required. But the tragedy of it all from my point of view is that substantial as the assistance has been very little of it has been able to trickle down to the fisherman who is the person we really wish to help. With the exception of insurance on lobster traps and unemployment insurance practically none of this assistance has been of any material benefit to the ordinary fisherman.

I have in my hand a publication put out by the economics service of the Department of Fisheries entitled, "Operations of Modern Longliners and Draggers—Atlantic Seaboard —1957" which has been compiled by John Proskie. This is a veritable gold mine of statistical information with respect to the fishing industry. If we look through the report we find that as far as Newfoundland longliners are concerned the break-even prices for codfish are as follows: For longliners 30 to 40 feet in length the break-even point is 1.66 cents per pound; for longliners 40 to 50 feet long the break-even point is 2.087 cents per pound; and for longliners 50 to 60 feet in length the break-even point is 2.489 cents per pound. Therefore a Newfoundland fisherman must get well over 2 cents a pound to break even on his fish.

If we look at the average fish prices for 1957 we find that the Newfoundland fisherman fishing out of a 30 to 40 foot boat received 2.08 cents per pound for codfish, which is by far the largest production of the Newfoundland fisheries. He broke even by less than half a cent a pound. The operator of a 40 to 50 foot boat did not break even. He only got 2.03 cents a pound whereas he required 2.08 cents to break even. The operator of a 50 to 60 foot boat had an even bigger deficit because he received only 2.01 cents a pound for codfish whereas he required 2.89 cents to break even.

Three days ago fish prices in Newfoundland were published in the St. John's press and looking over the *Daily News* of August 18 I find that the price for cod varied from 1¾ cents a pound to 2¼ cents a pound in the different localities throughout the island. In Englee, which is in the riding of the hon. member for Grand Falls-White Bay-Labrador, they only got 1¾ cents a pound for large fish while in the first instance the 1¾ cents was for small fish. The going price for haddock three days ago was 2 cents a pound for small to 2½ cents a pound for large. For rosefish, which is quite a delicacy, the price was 1¾ cents a pound for small and 2½ cents a pound for large. For flounder the price varied from 2½ cents to 3 cents a pound. For halibut, which is a high-priced fish when you buy it in a store, the price varied from 10 to 12 to 15 cents a pound. These are the fish prices that were being paid in Newfoundland just three days ago.

I might point out that these prices are lower than are being paid in Norway by the fish processing plants there which I understand are not subsidized by the government. In any event, when we compare the fishing industry of Canada with that of other countries we find that the Canadian fisherman, whether he is in Newfoundland or Nova Scotia—I cannot speak about British Columbia; I believe the fishermen are all wealthy on the west coast—is worse off than his counterpart in Norway, Great Britain or the United States. In my opinion this chaotic condition is going to continue until the fishermen themselves do something about it in the same way the fishermen of Norway did. I do not think it will be sufficient for the fishermen to organize in any one province or part of a province. They will have to organize on a nationwide scale, certainly on a scale large enough to embrace all the Atlantic provinces if they are going to be able to organize their sales and get the benefit of a decent price for their fish.

The price of salt fish is always based on the price of fresh fish and is usually a little lower than that of fresh fish, particularly when you take into consideration the extra expense of buying salt and the additional work in handling the fish. We are all happy to learn that a commission is inquiring into the price spreads on fish and we hope that when their report is made it will contain concrete recommendations to show how the fisherman can get a little better price for his fish. Whether it is on the production end or on the marketing end does not matter because if the fisherman can get one cent more per pound for his fish he will be substantially better off.

Lord Bacon once said that the fisheries of Newfoundland contained more wealth than all the mines of Peru. He was probably right because the mines of Peru can be worked out but our fish resources are self-perpetuating. What we want is a little more of that wealth to trickle down to the ordinary fisherman because today he is not getting the share of that wealth to which he is entitled.

An hon. Member: Carried.

Mr. Carter: Not yet. Before I sit down I want to say a few words about the bait service. This service applies only to Newfoundland because it was one of the obligations which the federal government assumed as part of the terms of union between Newfoundland and Canada. We all recognize that the bait service is a very difficult service to administer and we were delighted to learn in the committee that a new portable bait freezing depot is going to be tried out, one which we understand can be built for approximately $5,500, which can be added to one unit after another and which can even be moved from one place to another. That is the type of unit we need for our particular requirements in Newfoundland where the fishing industry is changing very rapidly.

Our present bait service was instituted by the Newfoundland government many years before confederation and was started as a form of insurance for the fishermen. It cost money and never paid its way but nevertheless it yielded dividends because it enabled the fisherman to produce wealth that benefited the whole province and which could never have been produced without that service. There is no use in having a bait depot unless we have bait to put in it and that is where we need a much more flexible policy than we have at the present time. The appearance of bait in Newfoundland waters is a seasonal phenomenon and it does not always come with uniform regularity. The people on the spot must have the authority to take advantage of the squid and other types of bait when they appear because the run may only last a week and then they are gone. If we do not do it they do not return and we are left without bait.

Some hon. members have referred to the fact that a great deal of our bait is sold to foreign trawlers which produce fish to compete with us in our salt fish markets. While we are anxious to co-operate as much as we possibly can with the other nations of the world, yet I think charity begins at home. We must look after the requirements of our own fishermen before we permit bait to be sold to the fishermen from other countries. I think that is fair and reasonable. I think that is what other countries would do. I am sure we would find it very difficult if we had to go to another country to buy bait for our fishermen when they did not have enough to supply their own requirements. I urge the government to look at this problem and take whatever steps are necessary to ensure that the bait requirements of our Newfoundland fishermen will be met before bait is sold to our competitors.

The bait service is important, not only for bait to catch cod, haddock and other ground fish, but it is important also to our lobster fishery. The lobster fishery is a very important fishery and one that is subject to management with resultant improved returns to the fishermen. Very often in the early part of the year our lobster fishermen are handicapped because they cannot get bait. We may not, at all times, have sufficient bait on hand to provide for that industry. Not only must we have bait, but we also must have refrigerated boats to take the bait from one large depot to another. At the moment we have only one

small boat which is antiquated and will soon have to be scrapped. What we need are three new ships specially built for the bait service. In the winter season particularly, when these boats cannot be used along the north shore because of ice conditions, they could very well be employed in the rescue service along the southwest coast. As the hon. member for Shelburne-Yarmouth-Clare pointed out they are urgently needed in New Brunswick, and the need is no less urgent in Newfoundland.

With respect to the administration of the bait service, I would hope the government would give consideration to the cancellation of these leases to private interests. To my knowledge, the private firms who have leased these depots have not lived up to the terms of their agreement, and I know that a certain amount of discrimination has resulted. Fishermen in one area have an advantage which is denied to those in other areas. Furthermore, certain fishermen have not been permitted to get bait from these depots at the regular price unless they agreed to sell their fish to the person who owned the lease. This is all contrary to the original terms of the lease and I think these things would justify the cancellation of these leases which are really becoming a source of great annoyance.

The best way, in my opinion, to administer these bait depots is to put them under the local authorities. Our time in Newfoundland is about an hour and a half ahead of that of Ottawa. At 3.00 p.m. on Friday in Newfoundland it is 4.30 p.m. in Ottawa and should a problem arise by the time we get in touch with the department in Ottawa by telephone most of the officials have gone for the weekend. Then, we cannot do anything about it until Monday. If it is a long weekend, we might not be able to get in touch with them until Tuesday. During that time a lot of things could happen.

I want to give you one illustration. Last year, like this year, there was no bait late in the fall. In one particular place there did appear a school of what we call whitefish which fishermen do use as bait in an emergency. However, it happened that these whitefish were in a little arm of the bay and there was a regulation somewhere on the federal statute books which prevented the fishermen from taking those whitefish on that date because they were in that particular spot. What we wanted to do was to get permission from Ottawa to get these whitefish which were so urgently needed for bait and which are not taken for any other purpose. Ottawa was closed down for the weekend, as it was a Friday afternoon, so we could not get permission. On Tuesday the whitefish had gone and the fishermen were still without bait. This is only one illustration. There are hundreds that could be given to emphasize the need for leaving more discretion in the hands of the people who are on the spot.

I hope that if these new bait freezers prove successful the fishermen themselves will be encouraged to own them, either on a co-operative basis or on a community basis —even by private industry. The more the fisherman can control the administration of the bait service the better for the fishermen and the better for the department because they will have less headaches with which to contend.

Before I sit down I want to mention briefly two other topics. The first topic is the continued exploration for the main school of herring. We know that the department has been carrying on this investigation for a number of years and that it is a long term operation which may last as long as 10 years. However, it is vital to the economy of Newfoundland that we discover this source of wealth as quickly as we possibly can. I urge the minister to spare no effort in intensifying this investigation as much as possible.

Then, I want to deal with the appearance of international fishing ships on our inshore fishing grounds. I believe this point was mentioned by my colleague the hon. member for Grand Falls-White Bay-Labrador or by one of my other colleagues who spoke this evening. The bulk of our fishermen in Newfoundland are what we call inshore fishermen, which means they fish from tiny settlements in tiny boats. They go to small fishing grounds which are from 10 miles to 20 miles offshore. These fishing grounds, of course, being 20 miles off our shores are in international waters, they are outside of our territorial limits. They are small grounds, perhaps 20 miles long by 10 miles wide. The fishermen are absolutely dependent upon these grounds for their livelihood. If they cannot fish there with their equipment, they cannot fish anywhere else. If a foreign dragger comes and scrapes over the bottom three or four times, the fish are driven away or caught and it takes a long time before they return, perhaps three or four weeks or months. As a result of this, our fishermen are deprived of their livelihood. They suffer tremendous hardships.

The objection is not to these fishermen in these international waters. We recognize they have a right there as well as we have. However, we want them to recognize that these grounds are vital to our fishermen. What we object to is the particular kind of fishing operation they conduct, I mean dragger fishing. If these foreign fishermen would fish with a hook and line they would not

destroy the ground. They might catch some of the fish, but they would not drive the fish away. There is no reason why our fishermen could not fish there as well as the Spaniard or Portuguese, if they would use a hook and line. This is a matter for international negotiation.

I hope the minister will use every available opportunity to explore what can be done to get some kind of a gentleman's agreement or some kind of understanding whereby we recognize their right to fish there and they recognize how vital these grounds are to our fishermen, and work out a sort of "live and let live" proposition whereby the grounds can be used to the mutual advantage of both foreign ships and our own.

Mr. Macdonald (Kings): Along with previous speakers, Mr. Chairman, I should like to make a few brief remarks on the fisheries estimates in general, also as they pertain to our province, and in particular as they apply to the county of Kings which I have the honour to represent. First of all, I should like to pay a high tribute to the excellence of the work done by the minister and his department. I reflect his view expressed in speaking on the estimates in the last parliament that there is a great future for the fisheries industry. I might say that the amount of $17½ million which is proposed to be expended in this department will no doubt be put to the very best possible use by the minister and his officials towards the further development of this very important industry.

Our island province is almost completely surrounded by good fishing grounds which can still stand a good deal of expansion. The heaviest catches landed in nearly all varieties are in Kings county, and it might be noted that almost 70 per cent of the landed value is in lobsters. To the fisherman of Prince Edward Island lobsters are what potatoes are to the farmer. They both provide a speculative high cash return.

In that regard I might mention a few considerations which have been brought to my attention by those engaged in that branch of the industry. First, inquiries have been made with regard to the possibility of establishing a lobster hatchery in our province. Second, our fishermen are very much interested in the experiments being carried out with aluminum traps and other more durable metal traps than the wooden ones more commonly used today. Third, fishermen in some of our areas are becoming more and more interested in programs of trap limitation and in several localities have expressed the wish that such a program be instituted. I realize that this must be an almost unanimous voluntary move on the part of the fishermen in the area, and trust that the government would provide assistance where any group wished to proceed along these lines. I wish to bring these points to the attention of the department and I know we can expect their assistance in the satisfactory solution of the many problems related to them.

In addition to the some 2,500 fishermen using about 1,400 small-type boats, we have the dragger fleet which operates out of Souris at the eastern end of my riding and supplies the two large fish plants which operate there. The smaller-type draggers in use there have been quite successful, and it is now felt that a larger and more powerful type of dragger, which can go farther and operate in deeper waters, could also fish from this area and be a big asset in the extension and expansion of the fisheries of the northeastern section of Prince Edward Island. In this program the provincial government assists very materially, and it is hoped that there will be mutual co-operation with the federal government in doing everything possible to help in this field.

I could mention, too, the great usefulness of the public works program in our county which touches practically every fishing harbour this year. I should like to thank the Minister of Public Works and his most efficient deputy, Major General Young, for the co-operation and consideration shown to our fishermen in the planning and execution of the large public works program for our county.

(Translation):

Mr. Chairman, at this stage I would like to say a few words in French. Unfortunately I have lost my onetime facility for expressing myself in this beautiful language, for I have hardly spoken it since I left college twenty years ago. At that time, I was fluent in both official languages owing to my contacts with students from the province of Quebec and because of extra studies. I hope my effort will be received in the same spirit in which I make it.

I think there now prevails in our great country a feeling of national unity even stronger than that inspired by my great namesake, Sir John A. Macdonald, at the time when the principles of unity so necessary to the merging of two great peoples into one and the same nation, were originally laid down and firmly established. While there will always be, on both sides, extremists and all-out nationalists, the happy balance will always be struck by the many who are tolerant, realistic, fair and generous in their relationships with individuals regardless of

race, colour, religion or other factors. I am by no means alone in deriving pleasure from the fact that whereas the first group is dwindling, the second is expanding very noticeably.

The blending of two great cultures and two fine sets of old-world traditions can give rise, in the new world, to a society which should eventually achieve a higher standard than could be hoped for with one culture and one set of traditions.

There can be no doubt that we all love our country, and want to see it prosperous. This can only come about if we have a strong feeling of national unity which we, members of the House of Commons can, I am sure, do much to foster and develop. During the second world war, many of us fought beside French Canadian regiments; I am thinking in particular of the Régiment de la Chaudière, which formed part of the division I served in, and in which I counted many friends. Splendid soldiers they were, and fine comrades in arms.

We believe that under the leadership of the Prime Minister (Mr. Diefenbaker), national unity has made much headway. Mr. Diefenbaker has said he has a single policy for all of Canada, and Canadians in general, and Quebecers in particular, have shown their faith in him, and have associated themselves with his sincere hope for the tightening of the links between all parts of the country so as to make Canada a greater and mightier force in all respects. Let us again do all within our power, as members of parliament, to foster and develop a deeper and stronger spirit of national unity throughout our beloved country.

Fishing was one of the first industries in the province of Quebec, and was introduced by the maritime Acadians at the very dawn of our history. Let it then be said, in all fairness, that our French-speaking fellow citizens were the joint pioneers of the fishing industry. Nor do I hesitate to say that they still play a decisive role in that industry, and will continue to work with us in co-operation and harmony, with all the zeal and skill they have shown in the past, for the expansion of this important sector of our economy.

(Text):

I feel quite safe in saying that our island fisherman is an efficient producer, yet sometimes prices are not as good as they should be, especially during the peak landing season. This makes it difficult for some fishermen to recover their costs unless they have continuously high catches. In this regard more than one packing firm has requested that additional financial allowances be provided so that more working capital would be available, thus allowing them to hold the pack until market conditions improve. This is probably a matter for the Department of Finance, but I know the minister and his department will give consideration to the difficult marketing problems which sometimes arise in this industry and I would further suggest that a study be made in this regard.

The department now carries out more extensive work along that line than most people realize and in closing I would strongly urge that special attention be focused during the coming year on this all-important phase of the fishing industry—namely that of assisting the fishermen to obtain better market prices for their product.

Mr. McWilliam: The international aspects of the fisheries industry have been covered by previous speakers, as has also the groundfish phase of the industry. I will not, therefore, take up the time of the committee by repeating what has already been said on these two very important matters. My remarks will be centred around the inshore fisheries in the Miramichi waters. May I broaden the scope of the rules and the terms of reference at this moment by offering my congratulations to the Minister of Fisheries on being conferred with a doctorate degree by his alma mater, Mount Allison University, on Saturday last.

I wish to express my thanks to the minister for his statement covering the activities of his department and to express the thanks of the Miramichi fishermen to the minister and to his departmental officials, both here in Ottawa and in the field, who are engaged in the administration, research, protection and marketing of fish, for their efforts in trying to solve the many problems with which the industry is faced. Not all the problems have been completely solved, but many improvements have been brought about as a result of the research and experience gained by the department and by the industry itself. This has gone a very long way toward improving the lot of the prime producer and assisting the distributors and processors.

Our fisheries are of prime importance. The opinion has been expressed that this department of government has not been given recognition in accordance with its importance to our economy and that the allotment of the public funds for the fisheries industry is insufficient to carry out services to the desired degree.

The constituency which I represent, Northumberland-Miramichi, produces many species of fish, most of which are in the delicacy class,

including lobsters, oysters, salmon, smelts, clams and quahogs besides many other species. Fishing provides a livelihood for many residents of this constituency both in the commercial and sports fishing fields. I do not intend to present a history of the Miramichi fisheries but we have had problems and some of these problems still exist. These problems bring forth divergent views from the many different classes of fishermen and from the buyers, even within the scope of the production of one specie of fish. This divergence is most prominent among those engaged in the salmon fishing industry and particularly applies to the fishing season dates for drift net, set net and fly fishing. The matters of the protection of spawning areas for the spring fishing of black salmon, the hatchery spawning of the late run salmon against the spawning of the early run salmon are among the phases over which there is no general agreement as to the best course to follow.

The chief concern of the department and of the fishing industry in general is that of conservation to make sure that in future sufficient stocks are available as is essential and desirable in respect of this valuable food product and that our fisheries are preserved in order to provide a continuing livelihood for a large segment of our population.

I would like to say a word as to the effect of the budworm spray on the fish and animal life in my constituency, which has been the cause of much concern. An adverse effect is expected to be apparent in the fish population during 1960 and 1961. While the protection of our forests is important, it is the earnest hope of all concerned that an effective spray solution can be found which will not be injurious to fish. The department's estimate that spraying may be completed this year was most welcomed information.

In July the Minister of Fisheries announced the establishment of a federal-provincial Atlantic fisheries committee to consider fisheries problems common to the five Atlantic provinces. The personnel of that committee comprises the federal deputy minister of fisheries and the deputy ministers of the provincial departments of fisheries of Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The committee will consider proposals and recommendations on fishery matters of common interest to all Atlantic provinces and will make recommendations to the respective governments for the implementation of programs and projects designed to assist in the development of methods and techniques and fishing equipment. It will study and report upon the economics of fisheries in order to ensure that any proposed program of development is based upon sound principles. In that respect I trust that the fishermen's organizations will make extensive studies of their particular problems and will present their findings and recommendations to the respective provincial deputy ministers for study and action by the federal-provincial Atlantic fisheries council.

I turn now to matters which directly affect the Miramichi fisheries. Oyster fishermen of Miramichi suffered a severe loss when disease became prevalent among their oysters. Action was taken by the department in re-seeding these beds with disease-resistant oysters which were transplanted from beds in Prince Edward Island. By natural processes this disease should eventually be eliminated, likely within 20 to 25 years. By re-seeding with disease-resistant oysters it is estimated that oyster fishing can be resumed in five to eight years. In the meantime it is essential that every care and protection be afforded these transplanted oysters and that the best men available be engaged.

The Miramichi salmon fisheries consists of three types of fishing—drift-net fishing, set-net fishing and angling. There is considerable difference of opinion among these groups and some difference of opinion within each group as to the most favourable fishing dates.

Combined meetings in the past failed to bring about a mutually agreed set of fishing dates. This situation should be the subject matter of a special inquiry by a committee comprised of officials of the federal and provincial departments of fisheries, representatives of the three groups and representatives of the buyers.

The view has been expressed that the erection of a causeway between New Brunswick and Prince Edward Island across Northumberland strait will have an adverse effect on alewives fishing and will affect the fishing of some other species caught in the Miramichi waters. If the causeway is erected, every precaution should be taken to permit the natural flow of fish. Smelt fishing is a very important phase of Miramichi fisheries. These smelts rank the highest in quality. Here again there are divergent views as to the best fishing dates due to weather conditions and market conditions. Due to the change in climatic conditions over the years to milder winters, fishing off the ice has become hazardous. The ice is late in forming and after it has formed, unseasonable run-offs occur causing extensive loss and damage to nets and gear.

Requests over the years for the inclusion of smelt nets under the fishermen's indemnity insurance plan have not brought

about the desired results. The department's study of the situation found that no practical way can be found to assess the losses and keep the insurance premium at a moderate rate. I make a further request for continued study by the department towards setting up insurance coverage against loss of smelt nets and gear similar to that in effect for fishing boats and lobster traps. As a measure to alleviate losses it is suggested that regular surveys of ice conditions be made by helicopter through arrangements with the R.C.A.F. station at Chatham, and that an adequate warning system of sudden break-ups and run-offs of ice be set up using the local radio station and other means to warn the fishermen.

Lobster fishing is another important phase of Miramichi fisheries. The catch varies from season to season, and the catch varies each season in the different lobster areas within the Miramichi estuary. The protection of this species has been a continuing problem to some degree. Many reports are heard about undersized and berried—mother—lobsters being landed. The department is urged to concentrate its program of conservation on lobster fishing.

There is a splendid film showing the life and habits of the lobster which should be made available for all lobster fishermen to see. I made a request three or four years ago when this film was documented to have it shown in the different lobster fishing areas of the Miramichi. To date to my knowledge this had not been done. The showing of this film would, in my opinion, do more towards the conservation of lobsters than many protective measures now in force. I request the minister to arrange for the showing of this film in the Miramichi area with both English and French commentaries available as required.

A practical change was made this year in lobster fishing district No. 8. The hour set for fishermen to leave shore to set their traps was advanced from 12 o'clock noon to 10 o'clock a.m. I have not seen a copy of the change in regulations. However, I trust the change will apply to district 7B next year.

In the field of fly fishing many reports are heard about wholesale slaughter of fish. Reports state that fishing parties go to the headwaters of the rivers and streams and illegally net fish on their way to the spawning grounds. It is alleged that fishing parties take canning outfits into the woods and can their illegal catches on the spot. If there is any truth in these reports—and it is claimed that fish and game protective associations have certain facts—then consideration should be given, following investigation, to closing off the spawning areas and other areas where this kind of illegal fishing is engaged in.

In the matter of salmon protection on the southwest and northwest branches of the Miramichi river and for certain other tributaries, opinions have been widely expressed that adequate protection is not provided, particularly at vulnerable periods. Protective measures are governed by the amount of money available, an economy restriction which is recognized. However, it might well be that this economy is defeating in no small measure the salmon conservation program. The Miramichi commercial salmon fishermen's association, the local fish and game protective association, and the Miramichi salmon angling association have raised this matter many times over the years. It is suggested that the minister have a complete investigation made at which time all data be collected, following which the whole field of protection can be re-assessed to ascertain if more protective measures are required for the Miramichi river and its branches to assist the Atlantic salmon conservation plan.

In the matter of providing facilities for commercial fishing, there has been much dissatisfaction expressed about the basis that is used in deciding if the construction of facilities are to be authorized. The decision is made by the economic study branch of the Department of Public Works. The decision is made solely on the amount and landed value of the fish taken at the respective area. The department of fisheries supplies the data on the fish catch and in most cases makes no further representations. It is my contention that other factors should be seriously considered and have a bearing on the decision to construct facilities such as wharves, breakwaters, small landings, extensions to existing facilities and also dredging. The reason why the landed value and size of the catch is not higher is due in large measure to the lack of facilities. These other factors concern the human energy that must be expended by the fishermen, due to lack of facilities to land their catches ashore, protection needed for boats and gear against storms, distance from existing facilities and distance from the fishermen's homes to the existing facilities.

Some of the smaller fishing areas of the Miramichi area are without facilities of any kind and catches must be man-handled to the shore and taken to the nearest access road or some considerable distances over water. The Department of Fisheries should make the decision as to the need of facilities for the fishermen, keeping in mind the hardships

faced and the benefits that would be gained in preserving the quality of the fish and increasing the volume and landed value.

The selection of personnel as fisheries officers on a permanent basis comes under the civil service commission with veterans preference recognition. This same recognition should be standard procedure for non-civil service appointments, other qualifications being equal. For seasonal employment such as patrol service and guardians, experience should be the prime qualification. To build up an adequate protective and conservation service and as a reward for good services rendered in the past, personnel who satisfactorily performed past services should be re-engaged. With regard to salaries paid seasonal and part-time fisheries employees, an increase is warranted. They should be paid on a par with comparable work at the existing prevailing wage rate.

In conclusion, Mr. Chairman, I again suggest that the Department of Fisheries should be raised to a higher level of importance among the departments of government and that a larger share of the public funds be allotted to carry out in a fuller measure the duties of this most important branch so necessary to our economy and vital to the livelihood of those Canadians who toil the hardest for the smallest remuneration.

Mr. Batten: Mr. Chairman, on an earlier occasion in this house I took the opportunity of expressing my views on the fishing industry in Newfoundland and the problems facing the industry in that province. It is not my intention to repeat those statements at this time. I do not wish to unduly delay the passage of the minister's estimates but I do wish to make a few brief remarks.

First of all, I should like to commend the minister for the excellent work that was carried out by him during the discussion of his estimates in the standing committee. I appreciate the fact that he was present at all meetings of the committee and gave of his knowledge in answering the questions that were put to him. I take that as a measure of his interest in the department which he heads, an interest which I believe augurs well for the future of the fishing industry in Canada. And while I wish to offer the minister my congratulations for his work and also to extend congratulations to the officials of his department and the chairman of the standing committee I wish also to extend my very personal congratulations to the minister for the honour which was conferred on him last Saturday by his own university, Mount Allison.

I believe that if the fishing industry of Newfoundland is to take a prominent place among the primary industries in Canada some price supports will be needed for the produce of the industry. I believe, too, that if we are going to maintain our markets for particular types of produce, such as light salt fish, or to provide a type of fish that is required by a certain market it may be necessary not only to provide further price supports but to provide a bonus for products that will be acceptable in the various markets of the world. I would suggest to the minister that very serious consideration be given to this problem.

Within the last few days we have heard that the exporting association responsible for exporting Newfoundland fish, an association commonly known as NAFEL, is reaching the end of its life and has only another year to operate. I would hope by the time the present year has expired and NAFEL is no longer an exporting association for Newfoundland fish there will be provided by the federal government some form of association, commission or board that will bring some order to the marketing of fisheries products in the province of Newfoundland. When I refer to the marketing of fisheries products I do not mean only the actual marketing process within the province itself but also the marketing processes that take place in the markets of the world. While I am not here making any plea for NAFEL I do indeed make a plea for some organization that will take its place when NAFEL no longer exists.

It is indeed somewhat difficult to discuss the fisheries industry in Newfoundland without discussing as well the facilities which aid the fishermen to carry on their work. I know the estimates of the Minister of Public Works have already been passed but I should like to make a brief reference to them and say that on the section of the coast which I represent we have some harbours that are large and some that are small and on straight shore. We still need a great many structures for the protection of fishing equipment such as small private wharves and fishing boats. I hope that in large areas where a considerable quantity of fish is produced such as in St. George's bay the time will not be too far distant when we can have those facilities that will enable the fishermen to carry on their work in the way in which they would like to carry it on.

Reference has been made a number of times today to a problem that exists in my province and it is so serious in the riding I have the honour to represent that I cannot allow this opportunity to pass without making a few brief comments concerning it.

I refer, of course, to the need for an expanded bait service. I appreciate that the minister and his officials have been making a very serious study of this problem in Newfoundland. I know, too, they have come up with a solution which they are hoping to conduct on an experimental basis. This bait service is of extreme importance to the fishermen who live along the coast. In the first place it enables them to get to work earlier in the year and it enables them to fish longer during the season with the result that their productivity is increased. It also enables them to increase their annual earnings so they can raise the level of their income to a status more comparable with wages earned in other industries. In addition to this it provides employment in Newfoundland at a time when in various other fields employment is not as plentiful as it was a year ago.

I hope the experiment which the minister intends to conduct in the province of Newfoundland shortly will be productive of worth-while results. I have already suggested to him several places where the bait service should be expanded and I shall now give him another list and suggest to him that bait depots should be provided for the following places: Codroy, St. George's bay, Port-au-Port bay, bay of Islands, Bonne Bay, Cow Head, Daniel's Harbour, the St. Barbe area and the Flower's Cove area. Along that coast it is a distance of 300 miles in a straight line but more nearly 1,000 miles by following the coastline and on that whole coastline there is but one bait depot in a distance of approximately 1,000 miles. It is not possible for these men to carry on their industry, an industry from which they could make a good living, without being able to obtain the bait so necessary to them. I hope that the minister will continue to give very serious consideration to this problem, as I know he has already.

During the proceedings of the standing committee the minister was not able to provide us with the number of freezing units that would be built nor was he in a position then to give us the locations of these units. When the particular item is before the committee later in the discussion I hope the minister will be able to give us that information. I have a number of questions but I shall present them to the minister when the various items are before the committee.

Mr. MacLean (Queens): Mr. Chairman—

Mr. Pickersgill: If the minister is going to answer, I have a few observations I should like to make.

Some hon. Members: Oh, oh.

[Mr. Batten.]

Mr. Pickersgill: If the committee so desires, we are quite prepared on our part to go on for some time after ten o'clock to facilitate the passing of the first item of the minister's estimates.

The Deputy Chairman: With the indulgence of the committee I will keep my eyes on my work and not on the clock.

Mr. Pickersgill: Mr. Chairman, I assure you I will try to keep my eyes on the clock and not let it move too far before I sit down. I am sure that will be a very great relief to some members of the committee who perhaps have not the same enthusiasm for my efforts as I have myself. I want to say, as so many others have said, as we embark upon the first presentation of the minister's estimates in this parliament, although he did present a few of his estimates in the last parliament and never got them all through, that all of us on this side of the house think that the minister has an excellent department with a fine staff of officials built up over the years by a succession of very able ministers, Mr. Mayhew and Mr. Sinclair, and from such indications as we have seen up to now, and in spite of the political differences we may have, we think we have a minister who is pretty seriously and conscientiously interested in the welfare of the fisheries.

I want to say, and in saying this I am going a long way, that I do think there was one committee during this session where some good work really was done and that was the committee on marine and fisheries where the estimates of this department were considered. I believe that the time of the house will be saved because of the work of that committee. We were interested only in the fisheries and in the welfare of the fishermen, as the minister himself has said. I still have my reservation about scattering the departments among a number of committees. I think the estimates of any department should go to the estimates committee, and not to other committees, but I do think that this is the kind of department it is much better to have considered before a committee, prior to its estimates being considered in the house, because of necessity it interests primarily a fairly small proportion of the total membership of the house.

But there are some things that all of us feel we want to say, particularly on the first item of the minister's estimates, because they are of very great interest to our constituents and in some cases of very great national interest. Certainly no one like myself and my colleagues from Newfoundland and the other Atlantic provinces can forget the fact that the fishery is the oldest of our industries. It was the industry that really

started Canada, that brought the original settlers in the first place to what, though it is the newest province, is the oldest settled part of Canada, the province of Newfoundland.

Although the cod fishery is the oldest industry it is far indeed from being the most prosperous of our industries. At the present time it is going through a very serious crisis indeed, and that is particularly true of the salt fish industry. I know the resolution to which I am about to refer has been presented to the minister but I am going to take a minute or two to put it on record because I should like to have it on the records of parliament. It is a resolution adopted by the Newfoundland federation of fishermen and while I do not say I would give 100 per cent support to everything suggested in it, they do set out a program which I believe in the main, deserves very serious and sympathetic consideration, not merely on the part of those who are interested in the fisheries but by all Canadians who are interested in the welfare of one of our most important industries. The resolution reads as follows:

Whereas Newfoundland has the world's largest group of specialized fishermen; and whereas fishing is to this province what farming is to the western provinces—

I draw this particularly to the attention of the hon. member for Assiniboia.

—and whereas shrinking employment opportunities are throwing more Newfoundlanders back to the fishery; and whereas these are in large part young men who moved from the fishing industry during its recent decline and now return with no alternative employment;
Be it resolved:

(1) That floor prices be established for codfish saltbulk and dry cure on a basis comparable to those provided by the federal government for wheat farmers—

I may say to the hon. member for Assiniboia that this is not my recommendation but that of the Newfoundland federation of fishermen. I may also say that if the Newfoundland fishermen could get as good a deal as the wheat farmers they would think that they were well off, but perhaps that is because they are a long way away from the prairies.

(2) That a system be devised for the storing of surplus salt fish production designed to preserve price levels from year to year.

(3) That the drying and packaging of salt fish be investigated and reorganized by the federal and provincial departments of fisheries with a view to ensuring fish production of the variety and standard needed to retain and expand markets.

(4) That transportation costs of fish in Newfoundland and to the points of export be covered by the provision of a more efficient shipping and rail service—

That does not mean selling all our ships to somebody else.

—and that an attempt be made to make such services available at reduced rates.

(5) That cold storage facilities be established at all Newfoundland shipping ports to serve the better handling and export of salt fish.

That would be something comparable to terminal elevators.

(6) That the federal subsidy on new boat construction be increased from $165 per gross ton to $200 per ton and that the subsidy be offered to fishing boats of 10 tons gross and over, and furthermore that consideration be given in the building of smaller types of fishing boats.

(7) That a committee of the federal and provincial governments and the fishermen be set up to study the salt codfishery industry—

Perhaps I need not go on with that last recommendation because the minister has told us that he has already done that and we are very glad he has. I commend these recommendations of the Newfoundland federation of fishermen to the careful consideration, not merely of the minister but of the government because, as I say, this is a great national industry. I also say that those of us on this side of the house, at any rate, and I suspect perhaps some of those who support the government have been rather disappointed that the high hopes held out by the Prime Minister to the people in the fishing communities of the Atlantic provinces, including the city of Charlottetown represented by the Minister of Fisheries, and which were put on the record this afternoon by one of the hon. members on this side of the house, have not been realized and that the last we heard from the Prime Minister about floor prices or price supports for the fisheries was heard before March 31.

We do feel that this is a problem because, of course, a large part of the codfish production of this country is sold in fresh or frozen form in the United States. We know this creates a complication in connection with price support. But I do suggest to the minister that the leader of the government should not go about all the fishing communities making promises just for the sake of getting votes. We will expect some action from the government to support these very large promises that were made in St. John's, Charlottetown, Yarmouth, Halifax and a good many other places by the Prime Minister.

The minister has said prices are reasonably good this year. Part of the reason for this fact, of course, unfortunately is that there is a poor crop. Again, I am trying to use language that will be understood in some other parts of the country. This year the fishery in Newfoundland has been largely a failure. It is my fear, and I think that fear is very widely shared, that in many parts of Newfoundland as well as some other parts of the Atlantic area, many of the fishermen are not

going to get enough fish to qualify for unemployment insurance. What we are going to have a situation comparable in every way to the situation which is met by the government in western Canada through the Prairie Farm Assistance Act. It does seem to me some consideration should be given to putting fishermen on a basis of equality with the farmers of western Canada in that respect, because they certainly are not on that basis now.

I want to say just a word about the bait situation. I must say I was very pleased indeed by the announcement made by the minister concerning these improvements that he is hoping to effect in the bait distribution situation in Newfoundland. I do hope that when he is putting in all these bait depots in the riding of Humber-St. George's, he will not forget one or two for Bonavista-Twillingate. I should like to put forward a special word for Herring Neck.

The situation in Newfoundland this year is that if we had a lot of bait depots there would not be bait to put in many of them. I know the minister is doing his best in the circumstances to try to meet that situation, but the situation is really a desperate one. We have had a poor fishery up to now. If there is not bait available for the fall fishery, even if the fish are plentiful, then the fall fishery is going to be poorer because of the shortage of bait. I do urge the minister, in every possible way he can devise, to do what he can to meet this emergency situation. I appeal to him also to try to take steps to foresee it and to meet it ahead of time. I know there have been difficulties this year. I certainly do not want to suggest the government has any responsibility for them because they have not, but I do urge the greatest possible zeal, which I am sure there will be, in trying to meet this very serious problem.

There are just two other topics that I want to mention. One topic about which I want to say a word or two is the marketing situation. I know the minister could rise on a point of order and say that he is not responsible for marketing fish but that the Minister of Trade and Commerce is. I do not believe the minister will rise on any such point of order, and for this reason: We look to the Minister of Fisheries to look after the interests of the fishermen and the fishing industry. We look to him to urge his colleague, the Minister of Trade and Commerce, and his other colleagues to consider that this industry more than any other, more than the pulp and paper industry, more than the wheat industry, is an industry that depends upon exports for its life. There is no other industry that exports as large a proportion of its product as the cod fishery of Canada. I do believe things could be done to increase the market in Canada. I have made suggestions to the minister in that respect which I am not going to repeat now.

We have been very upset indeed, not only in Newfoundland but all along the Atlantic coast, at the loss of the Jamaican market. It is a very serious blow indeed to have a substantial portion of our total lost to someone else who has never supplied it before, especially when we know that the Icelanders are selling fish that is subsidized to an inordinate degree. Yesterday or the day before we heard over the radio that the Russian government is lending the Icelandic authorities $3.5 million with which to build more fishing boats to compete to an even greater extent with our unsubsidized fishery. This is a problem that just cannot be allowed to drift. At the same time we know, as the hon. member for Grand Falls-White Bay-Labrador pointed out earlier, that we provide a market for Jamaican goods which is two or three times as large as the market for Canadian goods in Jamaica. It is difficult to understand why it is not possible for the Minister of Trade and Commerce to do more than has been done to get this market back. We do hope the Minister of Fisheries will never let him rest, that he will be at him every day and at his officers.

I am going to say again that I am not going to trespass on your patience very much longer. I view with the gravest alarm this increase in the wool tariff, not so much the tariff against Britain in this respect as the threat of an increased tariff against Italy which is the best market we have in Europe for our fish. It is a very, very dangerous thing, even to be threatening to do. I do hope that all those members from fishing ridings who sit on the other side will make their views known to the Minister of Finance, the Minister of Trade and Commerce and the Prime Minister, and urge them on no account to proceed with this folly, because folly it would certainly be, and worse, for the fishing industry.

I do want to say, in that particular context, that I was rather astonished at the answer given by the Minister of Trade and Commerce to a question the other day concerning what was to replace NAFEL. The question was asked by the hon. member for Trinity-Conception and the reply is found in *Hansard* for August 16, page 3650. The Minister of Trade and Commerce said that this was not just a federal problem but was a provincial problem as well. I do not know where the Minister of Trade and Commerce got his constitutional advice, but I would suggest he read the British North America

Act again. He will find that this is exclusively a federal responsibility, and it is an inescapable federal responsibility. It is not good enough to revoke the licence of NAFEL and put nothing in its place. If we go back to the cut-throat competition that existed before NAFEL, the whole fishing industry is going to be in chaos in a very short time. Something has got to be done, a lead has to be given by the government in this matter. I do not believe any steps will be taken unless the Minister of Fisheries takes the lead in the government. It is for this reason that I, like other members from Newfoundland, appeal to him so strongly to do something.

There is just one other point on which I should like to say a word. This is the one fly in the ointment so far as the minister is concerned. He would not expect, especially being the Minister of Fisheries, that there would not be a fly somewhere. There is one small fly in the ointment. I have here in my hand a copy of an editorial which appeared in the St. John's *Evening Telegram* of May 16, 1958, which is very appropriately entitled "Wrong Party". I am not going to read the whole of it, but I should like to read an extract as follows:

> A number of river wardens (or rather, a number of people who WERE river wardens) have been kicking like mules this spring because the federal government appointed a number of new wardens who are not natural-born Liberals. The ex-wardens who have been putting up the beef say that some of the wardens appointed this spring may actually be Conservative sympathizers, and they have been writing nasty letters about it to St. John's and Ottawa—
>
> Some of the ex-wardens have even written Mr. Pickersgill demanding their old jobs back. They obviously think the Liberals are still in power, and aren't aware of the fact that it is Mr. Jed Winter, the DEFEATED (Tory) candidate, who now appoints river wardens in the district of Bonavista-Twillingate, not Mr. Pickersgill, whom these people elected to sit in opposition. Talk about the Age of Innocence.

When the minister gets up to speak, I know that he is going to tell us that Mr. Winter has no more to do with the appointment of these river wardens or guardians than I have. I trust he will give them and me that assurance in a completely unqualified fashion. I am one of those innocents who would expect that to be the case. I have listened to the professions made by the house leader over and over again as he beat his breast, and I cannot believe there is any truth in this editorial. I must say I had a slight suspicion there might be when the official agent, not of Mr. Jed Winter but of the Tory candidate who ran against me in 1957, became a river warden. But I suppose that was a pure coincidence, and I understand that he has since resigned.

Speaking seriously, I believe there are two considerations that ought to be kept in mind about these river guardians, if they have done their jobs well. Most of them were people who, in the nature of things, were not very well qualified for other types of occupation or they would have had other jobs in the days of the full employment we had in Newfoundland when the Liberals were in office. I suggest that the minister should make a special effort to appoint as wardens or guardians, as I think is the correct term, men who are veterans and who are perhaps slightly disabled and therefore not able to do more strenuous work so well. But above all, I think he should give the preference to people who really cannot leave home to work and who badly need the work. If he does find a few Tories here and there in Bonavista-Twillingate, as long as that is not the prime qualification, it will be all right with me. I certainly never inquired of anyone who ever came to me asking for assistance and looking for work who he had voted for.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I imagine the minister has never done so either. I really feel that is all I have to say on this subject at this time, Mr. Chairman; and I want to give the minister some time in which to reply.

Mr. MacLean (Queens): Mr. Chairman, if the committee is agreeable I should like to make brief replies to some of the questions that have been asked by various members of the committee as they went along. If I miss some of them, we will perhaps catch them on the later items. But before doing that, I want to thank the numerous hon. members who have congratulated me on having received an honorary doctor of laws degree last Saturday. However, I should like to make this observation. Whatever help an earned degree may be to a minister when trying to get his estimates through the committee, I want to point out that an honorary degree is absolutely useless in that regard.

Mr. Pickersgill: The minister will give me credit for the fact that in my remarks I left out any mention of it.

Mr. MacLean (Queens): One question that has been uppermost in the minds of many of the members of the committee who spoke this afternoon and this evening is that of guaranteeing or seeing to it, if possible, that the primary producer in the fishing industry gets a reasonable return for his labours. Attempts are being made in that direction. One of them has already been referred to, the royal commission on price spreads. The item having to do with that was dealt with in the items under privy council this afternoon.

There is the question of price support. I should like to point out that there is in existence a Fisheries Prices Support Act that is functioning or is there to function whenever it is considered necessary that price support be provided. This act allows price support, using the term in a general sense, to be provided by various means such as mass purchases when there is overproduction, deficiency payments and other ways. I called together the fisheries price support board for a meeting not very long ago. They met here in Ottawa and adjourned to meet again on September 6, I believe in Halifax, and again two days later in St. John's, Newfoundland, for the purpose of considering the situation of the market for salt cod, because that is the only segment of the industry at the moment that has made a formal request for the consideration of price support.

As the hon. member for Bonavista-Twillingate has pointed out, there are in this matter complications or difficulties that make a floor price for fish even more difficult a matter than it is for some other products because, as has been pointed out by many members of the committee, a very large percentage of our fish is exported and our market depends on export for the great majority of our production. There is the danger that with anything that might be a subsidy or a price support, there is always a certain amount of risk of retaliatory tariff action by other countries or similar action.

The hon. member for Gloucester mentioned the inspection service. I want to say briefly that we are working hard at extending that service and making it more efficient. In the not too distant future we hope to have inspection compulsory for fresh fish and frozen fillets right throughout the country as is now the case with so many other products.

The hon. member for Shelburne-Yarmouth-Clare and I think the hon. member for Burin-Burgeo mentioned the necessity for something approaching a mother ship for fishing fleets, some ship provided at the taxpayers' expense which would be there to render assistance of any sort necessary to the fishing fleet in a given area. This is a suggestion that I welcome and this matter is being given study. An over-all fourth service such as that in the United States—a full-blown coastguard as such—would entail tremendous expense. However, I think there is progress that can be made in further co-ordination of the efforts of the services that are already available, such as the navy, the air force, the Royal Canadian Mounted Police and perhaps augmented, if we can afford it, by some special vessels of some sort which might be operated by the Department of Fisheries itself.

Then there is a matter that I think was mentioned by all the members from Newfoundland who spoke. It is one of great concern, namely the shortage of bait or bait service generally in Newfoundland. Over the last number of years the department has tended, in my opinion, to err somewhat in the direction of being too careful in their expenditures with regard to this service in one connection, namely carrying large quantities of herring bait as a reserve. In a good year, when the squid come in, the herring is not considered the best possible type of bait and the fishermen will not buy it. The department is then left with a large quantity of bait on its hands for which it can get little or nothing. It may recover something by reducing this bait to fish meal. But if it is in an isolated place, it is not even worth transporting it to a reduction plant and it is a complete waste. I think the department has perhaps been a little too zealous in this direction through fear of criticisms which might be made of the department on account of potential waste in this direction.

I take the attitude that there should always be a reasonable reserve in case the squid, which is the most desirable bait, does not migrate to the shores of Newfoundland in any particular season and I would be prepared if the squid did arrive to defend the loss, whatever it might be, that the taxpayers might suffer as a result of having to dump supplies of herring which were no longer useful for bait. I might say we have at present being delivered 125,000 pounds of herring and 50,000 pounds of mackerel for use as bait in Newfoundland, which we have procured in the maritimes, and that there will be further supplies. We hope that the situation will be further relieved if the squid show up.

Something has been said about exploratory fishing and the necessity for this type of project. I welcome the suggestions in this connection but I would like to say that the department is now making efforts in this connection and has been doing so for a number of years. For example, at the present time there is exploratory fishing for herring, scallops and shrimps in Newfoundland. In Prince Edward Island exploratory fishing is being done for quahaugs, a type of clam, and in Nova Scotia a demonstration of the Danish seining out of Cheticamp will commence very shortly, while at the present time in New Brunswick demonstration and experimental work of the mid-water trawl is now in progress and will continue as long as it is considered desirable for it to do so. In Quebec there is exploratory fishing for herring at the present time in co-operation with the government of Quebec and the

mid-water trawl experiments in New Brunswick are also being carried out with the co-operation of the provincial government there. I might say in that connection that many of the most profitable scallop beds which are now being fished commercially on a large scale have been discovered by exploratory fishing and that the exploratory fishing for herring is a long-term program over a number of years. It is a process of elimination until we find the mother lode, as it were, of the great resources of herring available on the east coast generally.

The hon. member for Skeena made some remarks concerning the question of fish versus power. This expression does not particularly appeal to me because my hope is that it will never become a case of fish or power but that rather it will be a case of fish and power so far as that is feasible. His comments in this direction follow very closely the attitude of myself and of the department generally, which is one of developing power where such supplies exist and where they do not interfere with fish, and for as much research work to be done as possible to try to find the means of developing power and having fish even on fish streams and also conducting experimental work to provide artificial spawning beds besides any other program which has some hope of success.

The hon. member for Skeena also inquired about the north Pacific fisheries treaty and as to what is the position regarding this treaty which is in effect a treaty between the United States, Japan and ourselves. Furthermore, he inquired as to whether or not Canadian fish are being fished by the Japanese on the high seas. All I can say in that regard is that we have not one shred of evidence so far to indicate that fish originating in Canada are being caught on the high seas by the Japanese west of the parallel 175 degrees west, which is a provisional dividing line between the waters fished by the Japanese on the one side of the Pacific and the United States and ourselves on the other. Means of determining the migration of Pacific salmon are not limited to the tagging of salmon, although this is one of the important aspects. There are other aspects also; there is scientific research into parasites with which these salmon are infested, depending on where they come from, and it is possible scientifically to determine the origin of the fish from the type of parasite to which he happens to be host. There are minute differences in the structure of the fish originating on the opposite sides of the Pacific and there are oceanographic studies which indicate to a fairly accurate degree the distribution of salmon. As further research is done in this connection this may prove to be the main means of determining the distribution of this fish.

I want to refer very briefly to the fact that there is a co-ordinating committee, as has been mentioned, set up on the official level between the five Atlantic provinces and the federal government, especially having to do with the problems that affect fishing in that part of Canada. We also have a committee to deal with the question of subsidies to longliner and dragger types of vessels, and this method is being studied very carefully. It is a fairly complicated problem because the cost of the vessel does not go up in direct proportion to its tonnage. Costs generally have gone up and there have been requests on the one hand for a subsidy on sizes smaller than is presently the case and at the other end of the scale it has been recommended that a subsidy be paid on the larger sizes because they are more efficient and economical. However, this matter is under very careful study and there will be adjustments which we hope will make improvements in that connection.

The hon. member for Gloucester mentioned the question of the opening of the lobster season, and I am happy to advise him that it has already been moved ahead two hours from 12 o'clock noon to 10 o'clock, which we hope will solve the problem.

Mr. Robichaud: In all districts?

Mr. MacLean (Queens): That in effect will be the case, yes, and this is especially important for these fishermen in the maritimes, the majority of whom are very careful Sabbath keepers and are faced with the situation that the season opens on a Monday and they have to put out their traps on the Saturday, whereas some of their neighbours can continue to do so all day Sunday to the detriment of those who keep the Sabbath. That is only by way of interjection, however, and the problem is in effect that unless the fishermen are allowed to put out their traps as early as possible in the day they may not finish their operations before dark, especially at this time of the year and later on when the days are shorter.

Some very good suggestions were made regarding consumer services and our advertising programs and other means of stimulating greater consumption of fish by the Canadian people. I might say that we are doing what we consider to be a very good job in this connection through advertising, movies, demonstrations, publications, through our dieticians, etc. I may say that our advertising budget is very limited, but we try to squeeze the last cent of benefit out of it in order to

try to familiarize Canadians to a greater extent with the benefits of having more fish in their diets. This has been true of the department over the years, so much so that virtually not one cent of money is spent in blowing our own horn, or trying to bring the work that is being done by the ministry to the attention of the public generally. Maybe this is so to a fault.

There is a story in this connection which I think may have some bearing on this. It is said that at one time there was a poor widow in the maritimes who had two sons. One went to sea and the other became minister of fisheries, and neither one of them was ever heard of again.

Several members brought up the question of the importance of international trade as it relates to the fishing industry, and I want to say that this is something which I realize to be of primary importance, because it is of no use to produce fish efficiently if we cannot sell them. I will bring the suggestions which various members have made to the attention of my colleague, the Minister of Trade and Commerce, and I will certainly keep a very careful watching brief.

Certain observations were made with regard to the selection of personnel. I just want to say that the majority of the employees of the department are civil servants selected under the Civil Service Commission Act. Those who are not are selected and remain in employment at the pleasure of the minister, and in that connection I take full responsibility for them. However, I do want to say to some hon. members who may have some misgivings in this regard that though there is no requirement to do so I try to weigh very carefully the humanitarian aspect, such as veterans preference, and many other things.

Item agreed to.

Special—

144. Canadian share of expenses of the international commissions, as detailed in the estimates, $860,620.

Mr. Howard: I was not here for the full time of the minister's comments and while he did make some reference to the remarks I had to make, for which I express my appreciation, he may not have covered these other two points. I hope he may be able to give us some enlightenment on them. The first was whether he is able to indicate what results, if any, have arisen out of the deliberations of the committee of the Pacific salmon fisheries commission which is meeting in Hawaii, or which began its meetings a couple of weeks ago, and whether he has any knowledge of what the committee discussed and decided. The other point was whether he is in a position to make any announcement with respect to the information garnered by our Canadian research vessels which are apparently going to cover areas in the Pacific which have not been covered before.

Mr. MacLean (Queens): Regarding the first question, I want to say that the meeting in Hawaii is a meeting of an ad hoc subcommittee set up to study research information which is now available, prior to the regular meeting which will be held in Tokyo and which may go on into November.

With regard to the other question I may say that so far as the north Pacific salmon fisheries commission is concerned the three nations do not operate separately; their efforts are pooled and programs are allocated by the commission itself with regard to the areas in which they operate. The primary information which is gained is made available immediately to the parties concerned, but in a case where the scientists of one country happen to be doing research with regard to a particular topic which has been allocated to them they do not wish to make their conclusions known from the information which has been gained until they are as sure as they can be that their conclusions are valid.

Mr. Howard: There is another point bearing on that. Could the minister indicate from past experience of the operation of these research vessels how long it may take before this information is available? Would it be this year, or this season?

Mr. MacLean (Queens): Most of it should be available for the October meeting. Of course, some of this research work being done at the present time, like the tagging of fish, will not produce results immediately since these fish may not be caught for a long time. But most of this information should be available very shortly.

146. To provide for the extension of educational work in co-operative producing and selling among fishermen, $90,000.

Mr. Robichaud: On this item I only want to take two minutes of the time of this committee. I want to take advantage of this opportunity to take very strong exception to certain comments and statements which were made during the committee stage by the hon. member for Shelburne-Yarmouth-Clare and by the hon. member for Queens-Lunenburg. In commenting on the statement of the hon. member for Shelburne-Yarmouth-Clare, the hon. member for Queens-Lunenburg asked why we should continue spending $90,000 to

set up a service which apparently is more expensive than that provided by the private operators in this field.

I take very strong exception to these remarks made in connection with the grant to St. Francis Xavier University. I wish to express my appreciation to the adult education extension department of this university whose good work has been recognized all over the world. The work of its director, Msgr Cody has received world-wide appreciation in the field of adult education and the activities of this department have proved a blessing to hundreds of fishermen and to their families. I therefore strongly support this item and I hope the minister will give serious consideration to having this amount increased so that the work might be extended in other universities who are engaged in this field.

Item agreed to.

Fisheries Research Board of Canada—

152. Operation and maintenance, including an amount of $50,000 for contributions towards fisheries research and for scholarships, $3,631,785.

Mr. Fisher: This particular vote contains an item in connection with the attempt to discover means of combatting lampreys in the great lakes and to stamp them out, and since the minister is going to undertake to go after one of his colleagues I should like to give him another minister to go after in the interests of large numbers of fishermen on the north shore of lake Superior who are directly affected by this menace and at the present time, because of regulations under the unemployment insurance commission, are not able to take advantage of unemployment insurance benefits because they do not have face to face dealings but arms length dealings with their outlets in the United States and Montreal.

I would ask the minister in connection with this difficulty if he could not make some representations to the Minister of Labour, and if one of his officials or inspectors could not visit this area and get into the human side as it concerns the fishermen at Port Coldwell and Rossport, particularly, and also, to a certain extent at the lakehead. I have heard some comments tonight, especially from the hon. member for Bonavista-Twillingate, about the need for the Atlantic fishermen to get some of the things which have been given to the western farmers.

The Atlantic fishermen are getting a great deal more in terms of government support than are our great lakes fishermen. In addition to that, as far as I know, the cod is still running which is more than one can say for the lake trout in lake Superior. I wanted to ask the minister if he could not find out more about the problems of great lakes fishermen from the human side. I should also like to know what progress has been made in cleaning up the lamprey eel menace and beyond that what the program will be for restocking the fish in lake Superior?

Mr. MacLean (Queens): Mr. Chairman, with regard to the first question raised by the hon. member I shall certainly have the matter looked into and I shall also bring it to the attention of my colleague, the Minister of Labour.

Regarding the progress in trying to find ways of eliminating the lamprey menace in the great lakes, as the committee knows this program is carried on by the international great lakes fisheries commission. The research board is Canada's agent for doing the research aspect of the work in this connection. Canada's contribution to that work this year in terms of dollars is $470,000 which is 31 per cent of the entire cost. The United States contributes the other 69 per cent.

All major lamprey streams on lake Superior on both the Canadian and United States sides have electric lamprey barriers in operation at the present time. There are larger numbers of lampreys being killed this year by this means than ever before. United States scientists have been able to discover a chemical which is a lamprecide or, in other words, a chemical that will kill lampreys. It will kill them in the larvae stage as well as at maturity. This has great promise but it will be an expensive proposition and is still in the experimental stage. However, it has the advantage of being able to kill lamprey back to the larvae stage whereas supposing you succeeded in killing all the mature lamprey, you would still have to go for five years until the larvae matured before you would have them all.

The restocking is not a major problem in lake superior because there are sufficient stocks remaining in the lakes and naturally they will rapidly multiply and re-establish the lake trout stock there providing the lampreys can be destroyed.

Mr. Fisher: Mr. Chairman, I should like to bring to the minister's notice the feeling of fishermen in the area concerning the reduction in quantities of trout. I do not know if there is any real empirical basis to the idea they have but many people feel one of the factors that has not been considered yet in research into the disappearance of the lake trout and its great reduction in numbers is the tremendous growth of the smelt run in lake Superior and the competition this provides for the lake trout. I do not know whether there is any real basis for it or not and I should appreciate hearing whether any

study has been made of this question and if the problem could be attacked from that angle because it is one of the factors which tends to contribute to the pessimism of the people engaged in fisheries in that area.

Item agreed to.

564. To provide for the destruction of dogfish and other predators, $250,000.

Mr. Howard: I wonder if the minister could give us an indication, Mr. Chairman, of what efforts have been expended to attempt to eliminate dogfish or to decrease their numbers?

Mr. MacLean (Queens): This is a considerable problem, Mr. Chairman. In past years there was a method devised which did not work out satisfactorily. Under this method a subsidy was paid on dogfish or dogfish livers. We are contemplating trying direct destruction of the dogfish, fishing for them directly and killing them, to see if this will give a reasonable return for the cost involved. In the meantime we are contemplating other possibilities as well. One of my senior officials is going out to British Columbia in the immediate future to make sure we are not missing a good bet in adopting some effective method which might be used. He will be talking to those engaged in the industry and fishermen to obtain their suggestions.

Mr. Howard: I believe it has been the suggestion of fishermen themselves that an attempt be made to deal with the dogfish as predators and to eliminate them by direct destruction. That was the only solution they could envisage as being practical. Is it the intention to have higher votes for conducting this program?

Mr. MacLean (Queens): That is our present intention. It will be done in an experimental way. It may prove too costly for the results that are obtained but that will be our initial approach to the problem.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of Fisheries.

Mr. MacLean (Queens): Mr. Chairman, before you leave the chair, I wish to express my appreciation to the committee for their working an extra hour to accommodate us. Thank you.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder if I might ask the house leader what the business is going to be for the rest of the week? Perhaps he could cast his mind forward to Monday and Tuesday. But before asking him to do so, perhaps I might be permitted to underline the fact that we have given great co-operation to the government tonight in getting through these estimates and I wish to express the hope that everyone will eat fish tomorrow.

Mr. Green: Mr. Speaker, we are grateful even though the hon. member for Bonavista-Twillingate managed to get in a half-hour speech.

Mr. Pickersgill: No, 20 minutes.

Mr. Green: Tomorrow we shall commence with the estimates of the Department of National Health and Welfare and then take the Department of Citizenship and Immigration and the Department of National Revenue. On Saturday we shall take the estimates of the Department of External Affairs. The Secretary of State for External Affairs is returning to the city in order to take his estimates on that day.

On Monday and Tuesday we shall take legislation commencing with item No. 4 on today's order paper, the second reading of the broadcasting act; then item No. 3, second reading of the Customs Act; then item No. 10, a resolution concerning the South Saskatchewan river project; then the amendment to the Canadian Citizenship Act which appears in today's *Votes and Proceedings*; then, item No. 5 on today's order paper, a bill to authorize the construction of a bridge across Lubec channel between the province of New Brunswick and the state of Maine; and then, item No. 6 having to do with supply.

Mr. Pickersgill: Mr. Speaker, just for clarification, I understand external affairs will be taken on Saturday at the beginning regardless of what progress is made?

Mr. Green: Yes, Mr. Speaker, that is the intention.

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

[The following items were passed in committee of supply]:

PRIVY COUNCIL

Governor General and Lieutenant-Governors—

154. Office of the secretary to the Governor General, $202,521.

155. To authorize and provide for the reimbursement to the lieutenant-governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as follows: (a) where the population of the province at the last decennial census did not exceed 500,000, $5,000; (b) where the population of the province at the last decennial census exceeded 500,000, $5,000 plus $1,000 per each 100,000 or fraction of 100,000 of population over 500,000, but not exceeding $12,000 in any case, $86,000.

308. To provide hereby, notwithstanding the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of Parliament, for the payment out of the consolidated revenue fund to each member of the Queen's privy council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $15,000.

Privy Council Office—

309. General administration, $470,046.

Prime Minister's residence—

310. Maintenance and operation, $25,000.

Special—

311. To provide for the expenses of the royal commission on energy policies including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $250,000.

312. To provide for the expenses of the royal commission on price spreads in food products including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $150,000.

313. To provide for preparatory work, not within the fields of particular departments, on emergency defence measures, $150,000.

Federal District Commission—

314. To provide a supplement to the sum of $300,000 granted by Chapter 112, R.S., for construction, improvements and operation of the parks, parkway system and other works under the control of the Federal District Commission and to authorize the payment of an honorarium at the rate of $10,000 per annum to the chairman of the Federal District Commission notwithstanding section 8 of the Federal District Commission Act, $600,000.

315. To authorize the Federal District Commission, under terms and conditions approved by the treasury board, to expend for construction, improvements and operation of works under its control and interest charges on outstanding loans, revenues accrued or accruing to the commission from the rental of properties under its control and from other sources, $1.

316. To provide for maintenance and improvement of grounds adjoining government buildings at Ottawa and Hull and for expenses of the National Capital Planning Committee, $635,000.

317. To authorize payment of the eleventh instalment to a special account in the Consolidated Revenue Fund, known as the National Capital Fund, established under Vote 809, Appropriation Act No. 4, 1947-48, $2,500,000.

Federal District Commission—

509. To provide for loans to the Federal District Commission (hereinafter called "the commission"), for the purpose of acquiring property in the National Capital District that is not immediately required for the purposes of the commission; the loans to be made in such amounts and on such terms and conditions as the Governor in Council prescribes, except that when a property so acquired has been commenced to be used for a purpose of the commission, an amount equal to the cost of acquisition of the property shall be repaid from the National Capital Fund or other fund or account from which expenditures may be made for the purposes of the commission, $3,000,000.

Special—

589. To provide for the expenses of the royal commission on price spreads in food products, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission—further amount required, $80,000.

Federal District Commission—

590. To authorize further payment to the special account in the Consolidated Revenue Fund, known as the National Capital Fund, established under Vote 809, Appropriation Act No. 4, 1947-48, $816,666.

DEPARTMENT OF FISHERIES

General services—

130. Departmental administration, $371,750.

131. Information and educational service, including grant of $3,000 to Nova Scotia fisheries exhibition, $187,000.

132. Economics service, $316,900.

133. Industrial development service, $611,365.

Field services—

134. Field services administration, $870,000.

Protection branch—

135. Operation and maintenance, $3,881,000.

136. Construction or acquisition of buildings, works, land and equipment, $251,140.

Inspection branch—

137. Operation and maintenance, $1,371,700.

138. Construction or acquisition of buildings, works, land and equipment, $80,125.

Fish culture and development branch—

139. Operation and maintenance, $1,178,300.

140. Construction or acquisition of buildings, works, land and equipment, $221,580.

141. Consumer branch, $77,855.

142. Fishermen's indemnity plan—administrative expenses, $219,000.

143. To provide for the destruction of harbour and gray seals, $41,500.

Special—

144. Canadian share of expenses of the international commissions, as detailed in the estimates, $860,620.

145. To provide for operation and maintenance of Newfoundland bait service, $439,425.

Supply—Items Passed

146. To provide for the extension of educational work in co-operative producing and selling among fishermen, $90,000.

147. To provide for administrative expenses of the Fisheries Prices Support Act, $66,030.

148. To provide, subject to such terms and conditions as the governor in council prescribes, for payment of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt used in their production, including authority to charge administrative costs to the vote in these estimates which provides for administrative expenses of the Fisheries Prices Support Act, $600,000.

149. To provide for assistance in the construction of vessels of the dragger or longliner type, subject to such terms and conditions as may be approved by the governor in council, $350,000.

150. To provide for assistance in the construction of bait freezing and storage facilities, subject to the regulations established by the governor in council, $30,000.

Fisheries research board of Canada—

151. Headquarters administration, $181,920.

152. Operation and maintenance, including an amount of $50,000 for contributions towards fisheries research and for scholarships, $3,631,785.

153. Construction or acquisition of buildings, works, land and equipment, $1,583,005.

General services—

555. Industrial development service—further amount required, $35,000.

Field services—

Protection branch—

556. Operation and maintenance—further amount required, $85,200.

557. Construction or acquisition of buildings, works, land and equipment—further amount required, $586,140.

Inspection branch—

558. Operation and maintenance—further amount required, $105,890.

559. Construction or acquisition of buildings, works, land and equipment—further amount required, $64,500.

560. Consumer branch—further amount required, $2,400.

Special—

561. To provide for operation and maintenance of Newfoundland bait service—further amount required, $274,720.

562. To provide for a contribution towards the cost of a building for the Nova Scotia fisheries exhibition, Lunenburg, Nova Scotia, in accordance with an agreement entered into by the Minister of Fisheries, with the approval of the governor in council, the total cost to be borne in equal shares by the government of Canada and the Nova Scotia fisheries exhibition association (Revote), $19,481.

563. To provide, subject to such terms and conditions as the governor in council prescribes, for payment of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt used in their production, including authority to charge administrative costs to the vote in the main estimates which provides for administrative expenses of the Fisheries Prices Support Act—further amount required, $250,000.

564. To provide for the destruction of dogfish and other predators, $250,000.

Fisheries research board of Canada—

565. Construction or acquisition of buildings, works, land and equipment—further amount required, $452,000.

Fisheries—

656. To extend the operation of the revolving fund established pursuant to vote 542 of the Appropriation Act No. 3, 1953, to include the transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to the interim convention of conservation of north Pacific fur seals entered into by Canada, the United States of America, Japan and the Union of Soviet Socialist Republics, dated at Washington, February 9, 1957, $1.

HOUSE OF COMMONS

Friday, August 22, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Fourteenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

EXTERNAL AFFAIRS

MIDDLE EAST—STATEMENT ON DEVELOPMENTS AT UN SPECIAL ASSEMBLY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I should like to report to the house on the emergency special session of the general assembly which last evening adopted by unanimous vote a draft resolution submitted yesterday by ten Arab delegations, including those of Lebanon, Jordan and the United Arab Republic. The resolution welcomes assurances given by the Arab states that they would respect each other's systems of government in accordance with provisions of the pact of the league of Arab states, and calls upon all member states to observe certain principles of international behaviour endorsed by the Afro-Asian conference at Bandung in 1955.

The Canadian government regards the outcome of the session that concluded last evening as satisfactory. The resolution in question follows very closely the text of the earlier seven-power draft resolution of which Canada was a co-sponsor. The Arab resolution requests the secretary general to make such practical arrangements as would adequately help in upholding the purposes and principles of the United Nations charter in relation to Lebanon and Jordan and thereby facilitate the early withdrawal of foreign troops from those two countries.

The new element in the Arab proposal is the reference to facilitating the withdrawal of troops. My understanding is that the formula employed is acceptable to the governments of the United Kingdom and the United States. The resolution, as in the case of the seven-power proposal, also invites the secretary general to continue with steps toward the establishment of an Arab development institution and to report to the general assembly not later than the last day of September of this year.

The Canadian government not only supported this resolution but agreed that it should have priority over the seven-power draft, which we regarded as a point of departure or basis for discussion for the accomplishment, under United Nations auspices, of an end to inter-Arab rivalries in a form to which all Arabs could subscribe, and in general as a reasonable formula to cover the question of withdrawal and a new approach to the economic problem of the Middle East.

While the resolution is a regional solution for a regional problem, its terms permit a continuing link between the United Nations and future economic and political developments in that area. It should ensure that the cordial relations now established among the Arab states will be carried forward into their individual and collective relations with non-Arab states of the region. The reference in the seven-power draft to a United Nations stand-by force, which received general support from all sections of the house, has been dropped, but I expect that this phase will be given further study at the next session of the general assembly.

To sum up, we have supported this resolution as meeting the essential requirements of a satisfactory conclusion of the discussions in the general assembly. We supported it because of the prospect it affords for peace in the Middle East. The resolution is good as far as it goes, but of course any success in carrying it out will depend upon the further co-operation of the interested countries themselves.

I think it will be generally agreed that once again the United Nations has shown its capacity to deal with crises by the process of reconciliation through negotiation. It is to be hoped that the same spirit will be apparent in the attitude of these states whose co-operation the secretary general will be seeking in the visit to the Middle East which he is about to undertake.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I do not wish at this time to add very much to what the Prime Minister has said about the termination of the work of the general assembly. I understand we will have an opportunity to debate this matter, when dealing with the estimates of the Department of External Affairs, but I think we can share the Prime Minister's careful satisfaction at the unanimous passing of a resolution of this kind. It

is, after all, satisfying and usually very surprising when any resolution at the United Nations passes unanimously.

I have not had the opportunity, nor have other members had the opportunity, to compare the Arab resolution which was passed unanimously with that of the seven powers, of which Canada was one. I gather that the main difference, however—and perhaps this is of some importance—is that the Arab resolution does make specific reference to the withdrawal of British and United States forces, while the seven-power resolution did not make that specific reference.

This resolution unanimously adopted by the assembly does present at least an opportunity for the finding of a solution to the problems in the Middle East, and we all welcome that. But as I said earlier, there will be an opportunity to discuss this whole question of the work of the general assembly when we have the privilege tomorrow of discussing his estimates with the Secretary of State for External Affairs.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, members of this group listened with great interest and certain satisfaction to the announcement just made by the Prime Minister in respect to recent events at the United Nations. We sincerely trust that this is the first hopeful step toward a co-operative and constructive solution to this very serious problem which is of concern to peace-seeking people everywhere.

CANADIAN CITIZENSHIP ACT

AMENDMENTS RESPECTING DISCRIMINATION, REVOCATION OF CITIZENSHIP, ETC.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved for leave to introduce Bill No. C-58, to amend the Canadian Citizenship Act.

Some hon. Members: Explain.

Mrs. Fairclough: Mr. Speaker, the primary purpose of this bill is to remove certain discriminations which now exist against other than natural-born Canadian citizens in relation to loss of Canadian citizenship and, in addition, to make it clear that a person who does not take the oath of allegiance in good faith at the time of acquiring Canadian citizenship is liable to have his Canadian citizenship revoked, subject to the right of such person to a hearing before a commission or court as provided by the act. The bill also makes provision for obtaining a ruling from an independent tribunal if doubt exists as to whether a person has ceased to be a Canadian citizen under the act.

Motion agreed to and bill read the first time.

[Mr. Pearson.]

BUSINESS OF THE HOUSE

BILL OF RIGHTS—INTRODUCTION OF LEGISLATION THIS SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister the intentions of the government with regard to the introduction of and action upon a bill of rights during this session.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the attitude of the government is unchanged. The introduction will be made this session, and my hope is that the legislation will receive the support of the house and of the other place.

Mr. Pearson: May I ask the Prime Minister if he will give us an opportunity at the earliest possible date to decide whether in fact we can support this bill, because we should like to have it before us before we debate it?

Mr. Diefenbaker: Yes.

UNEMPLOYMENT INSURANCE

REPORTED CRITICAL POSITION OF FUND

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in the absence of the Minister of Labour I wish to direct a question to the Minister of Finance, notice of which I sent to his office this morning. In view of reports that the unemployment insurance fund has reached a critically low point as a result of the heavy drain on its resources during recent months, would the minister advise the house what steps the government intends to take to place the fund on a sound basis so that it may continue to discharge its financial responsibilities in the future?

Mr. Speaker: That may be a matter of public interest, but it seems to me scarcely the kind of question which could be dealt with on the spur of the moment.

Hon. L. B. Pearson (Leader of the Opposition): With great respect, could there be anything much more urgent than this particular matter at this time; how to put this insurance fund in better condition than it is at present in view of the forthcoming winter?

Mr. Speaker: I am not persuaded that it is the kind of urgency which warrants a question before the orders of the day. Undoubtedly it raises an important issue, but it is not something which could be answered briefly, nor is it something which can be

solved immediately. It involves a question of policy, assuming that the question had a sound foundation.

Mr. Robichaud: Then may I ask another question of the Minister of Finance which may be acceptable to the house. Is it the intention of the government to introduce amendments to the Unemployment Insurance Act in order to take care of the present situation of the fund?

Hon. Donald M. Fleming (Minister of Finance): If any decision in that respect should be taken it would, of course, be communicated promptly to the house.

CANADIAN NATIONAL STEAMSHIPS

DATE OF SALE OF VESSELS TO CUBA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I address a question to the Minister of Transport. On August 12 last the minister announced the sale of the Canadian National Steamships vessels. While the date of the sale was not actually given, it did appear to have taken place on the day the announcement was made. I have now been informed that the actual sale took place some time in July. Will the minister say whether or not that information is correct?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I must thank the hon. gentleman for having given me notice of his intention to ask this question. The information that the sale took place in July is not correct. The offer to purchase was accepted on August 11.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

231. Departmental administration, $1,441,494.

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Chairman, before discussing the matter at hand I should like to draw the attention of hon. members to an event of great significance to the health of people throughout the world. I refer to the recent commemoration of the tenth anniversary of the founding of the world health organization. This historic milestone in international co-operation was marked by a special session of the world health assembly held in May of this year at Minneapolis. As Minister of National Health and Welfare I was privileged to represent Canada on this occasion, accompanied by a distinguished delegation of Canadian health experts.

Immediately following the commemorative session the eleventh regular world health assembly was convened. My deputy, Dr. G. D. W. Cameron, led the Canadian delegation at these meetings and was ably assisted by three other outstanding health experts, Dr. Arthur Kelly, general secretary of the Canadian Medical Association, Dr. Jules Gilbert, president of the Canadian Public Health Association, and Dr. R. D. Defries, recently retired director of the Connaught medical research laboratories.

The main task of this assembly was to approve WHO's program and budget for 1959, the latter calling for an expenditure of nearly $15 million. While this amount is three times the organization's first budget, I am sure the committee will agree that it is a modest sum in terms of the tremendous job to be done. It is obvious that in large areas of the world, climatic and economic factors have combined to render extremely difficult the attainment of health standards comparable to those we enjoy here in Canada. Yet despite the obstacles, significant progress has been made through the efforts of WHO in co-operation with other international and national agencies both public and private.

As examples of the advances made during the past ten years through the auspices of WHO the following might be mentioned: over half the estimated 50 million persons suffering from yaws have been treated and cured, with the stage now being set for the complete eradication of this disease in the next few years; several hundred thousand children have received B.C.G. vaccine as a protection against tuberculosis; substantial assistance has been given toward the training of doctors, nurses and other health personnel and opportunities provided for these individuals to go abroad for the study of the technical and administrative aspects of health service administration; and finally, WHO has recently embarked on its most ambitious project, the world-wide eradication of malaria over the next ten years.

These are but a few highlights of the work performed by WHO during its first decade. I am sure all hon. members recognize the importance of its activities not only in helping secure healthier, happier and more productive lives for millions of the world's peoples but also in furthering the cause of peace and understanding among nations. I feel that I spoke for Canadians everywhere when I told the tenth anniversary session that "as WHO enters its second decade, we pledge our continuing and wholehearted support to what we consider is one of the most outstanding experiments in international co-operation ever undertaken".

I want to turn now to the subject of our deliberations today, the estimates of the Department of National Health and Welfare for the fiscal year 1958-59. In this period we are budgeting for a total outlay of $1,180,089,181, the highest level of expenditure in the department's history. Of this over-all amount no less than 92 per cent covers statutory items including some $555 million to be expended from the old age security fund. Only $93,272,181 or 8 per cent of the total estimated outlay represents items to be voted by the house.

As a whole, these estimates embody an increase of $184,004,297 over our expectations for the past fiscal year. A full 92.5 per cent of this increase is taken up by statutory items reflecting recent amendments to Canada's major welfare legislation. To be specific, a projected rise of $33,235,000 in family allowance payments is due to a general increase in population as well as to changes in rates of benefit which became effective last September; an increase of $117,464,000 in old age security payments stems chiefly from the new $55 a month level in benefits effective last November; a similarly increased level in maximum benefits largely accounts for the expected rise of $5,700,000 in old age assistance payments, $6,200,000 in disabled persons' allowances, and $700,000 in blind persons' allowances. Finally, an estimated increase of nearly $7 million in expenditures under the unemployment assistance program is due for the most part to the removal of the threshold on federal participation and the entry of Ontario and Nova Scotia into the scheme.

So much for the increase in so far as statutory items are concerned. The remaining 7.5 per cent of the increase in our over-all expenditures pertains to items to be voted by the house. A large proportion of this additional outlay of $13,830,297 relates to the national health program, and particularly to the recent changes in the hospital construction grant which I announced to the house last December.

In this connection, hon. members may recall that the grant basis of $1,000 per unit for active treatment beds or "bed equivalents" and $1,500 per unit for chronic, convalescent, mental and tuberculosis beds was raised to $2,000 per unit. In addition, the allowance for beds in nurses' residences was upped from $500 to $750 per unit, and the latter assistance applied for the first time to beds in internes' quarters. A further new departure under the hospital construction grant was the allotment of $4 million for major renovation projects.

Another significant increase in non-statutory items which I might mention is the additional $1,644,450 earmarked in the two votes for northern health services. This represents primarily provision for the completion of the new Whitehorse hospital and for its staffing and equipment. Also covered in the increment is the transfer to northern health services of 17 organized field units in the territories formerly operated by Indian health services, and the continuation of construction of a new departmental hospital at Aklavik.

Hon. members will note that the department's 1958-59 estimates do not include provision for federal contributions to provincial hospital insurance and diagnostic services programs. Projected figures in this connection were not available when the main estimates were drawn up, and it is not the custom to provide for statutory items in the supplementaries. While government expenditures with respect to provincial plans will be provided for in next year's main estimates, the Hospital Insurance and Diagnostic Services Act lays down that federal payments are to be a direct charge on the consolidated revenue fund and can thus be made despite the lack of an estimates item.

I might say here that we expect federal outlays on the hospital insurance program to be something less than $70 million for the fiscal year ending March 31, 1959. This will apply to the five provincial plans operating as of July 1, 1958, and those additional plans which it is hoped will get under way as of January 1, 1959.

These, then, are the main items of the projected expenditures of the Department of National Health and Welfare. I will, of course, be happy to answer questions which hon. members may have on the various items.

Before I take my seat, Mr. Chairman, I would like to thank all members of the staff of my department for their loyal co-operation and assistance during the past year. I think it is appropriate that I should mention that it is exactly a year since I was sworn in as minister of this department.

Mr. Benidickson: Mr. Chairman, we listened with great interest to the remarks of the minister. I think the committee might expect there would be a pretty thorough discussion of these estimates at the present sitting, because I believe we have had no discussion of this very important and large department since 1956. It is true that at that time the estimates of the Department of National Health and Welfare were reviewed by the estimates committee.

I found, in endeavouring to keep up to date with the department's activities, that it was rather difficult because the last annual report seems to be dated March 31, 1956. I must suggest to the minister that it is not very helpful to the committee of supply

when annual reports are so out of date. Perhaps he might just indicate to the committee when he thinks the annual report for the year ended March 31, 1957 might become available.

I join with the minister in his commendation of the activities of the world health organization. I think we as Canadians are particularly interested in the tenth anniversary activities of this organization because it is an outstanding Canadian and member of the Department of National Health and Welfare who has the honour of being president of this world organization this year. The minister has a great galaxy of talent around him.

We as Canadians are proud also of the fact that his deputy minister on the welfare side was honoured this year by being chosen to preside over the economic and social committee of the United Nations when it met in Geneva. Of course all of us are very familiar with the outstanding talents of the two fine people who are in front of the minister at the moment. One is a lady who has the honour of being the first lady to appear in this house in the role of adviser to the committee of supply and to her minister. As the minister has indicated, Dr. Cameron was head of the delegation that attended the world health organization this year, and his reputation is very wide indeed as an outstanding public health administrator.

The only item that has had any careful review by a committee of this house since 1956 is the item in this year's estimates with respect to civil defence, item No. 256. The minister was exceedingly cautious in giving the estimates committee very much information as to future plans in this respect. He always indicated that as General Graham was about—

Mr. Monteith (Perth): May I just point out that I propose to have something to say when we do come to the civil defence item.

Mr. Benidickson: That will be very welcome, Mr. Chairman, because we feel that we could learn so little about the future because of the fact that the minister repeatedly said that the subjects the committee on estimates was interested in were going to be referred to General Graham. I think we all look forward to General Graham's study. In the estimates committee I did urge the minister to impress on General Graham the desirability of not having one of those long drawn out investigations if it could be avoided, in view of the seriousness of the problem of civil defence and, as the committee on estimates pointed out, the necessity for co-ordination and co-operation among civil defence organizations, the Department of National Health and Welfare and the Department of National Defence.

I hope when the minister does report to us with respect to civil defence he will report upon the information that was given to us by the Prime Minister concerning mass evacuation plans, as well as the plans for the erection of shelters and matters of that kind. This is something which I believe is probably foremost in the thinking of the people of Canada today when they regard the question of civil defence. We are all exceedingly alarmed about the consequences of these awful weapons that have been developed.

With respect to new planning for our defence, we have for some time heard largely from certain left-wing elements that probably did not get the attention they deserved. I think we can find a pretty universal feeling registered with respect to this matter, when we consider that no less than the *Financial Post* last week put as graphically as I think anybody has to date the seriousness of our defence planning.

In its lead editorial on August 16 the *Financial Post* had this to say, and I think it relates to the question of civil defence as it does to defence policy generally. I am only going to read some excerpts, but the heading of the editorial was "There is No Such Thing as Adequate Defence". It went on to say:

> It is absolute and utter folly for our leaders to try to make the public believe there is safety.
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> We may have all the defence machinery we are willing to pay for. But that is about all we have. And not even doubling or tripling our defence expenditure will give us real security. Nor will gigantic defence and bomb shelter programs.

The article goes on to point out the awful havoc that resulted from the atom bombing of Japan. This certainly shook and impressed me very much indeed. It is reported that of 32,000 children born in Hiroshima not less than 5,000, almost one in six, were deformed or stillborn. This figure includes 1,100 with skeletal deficiencies or serious muscular weaknesses; almost 100 with deformed brains or without brains altogether; almost 200 without lips and the same number without sexual organs; 25 with one eye or no eyes and 4 lacking even eye-openings. This is a report from a recent investigation of atomic bomb fall-out in Japan. Today's bombs, as we all know, are about 1,000 times more deadly than those of Hiroshima. This is the caution of the *Financial Post;* that our planet could tolerate war as an instrument of national policy when war was a little thing like world war I or II, but it cannot do so any longer.

We, I think, are exceedingly proud to have in Canada at the moment the tenth annual conference of geneticists, who are meeting in

Montreal. I was astounded to ascertain that these scientists will have read to them no less than 590 papers, some of which of course will relate to the problems and worries I have just described, this question of the effect of radiation on genetics, even the current effect of radiation from fall-out drift.

I believe that in 1955 the former minister of national health and welfare indicated to a conference of experts on this subject that the minister's department was giving careful consideration to all the elements connected with this ghastly problem. I wonder if later on in the debate the minister would give us some information about what has developed in the department since 1955 in keeping abreast with this problem of radiation. It is a subject that has had very considerable debate in the parliament of the United Kingdom. I think it is most appropriate that we in this house be brought up to date, not only on the effect of fall-out drift but also the best information that is available to the department to date with respect to the predicted effect on genetics as a whole.

As the minister has indicated, there has been a remarkable growth indeed in the importance of the role of the Department of National Health and Welfare across the country. I believe that in the parliament buildings at Fredericton, New Brunswick there is a cairn of which they are very proud because it honours the fact that New Brunswick appointed the first minister of health in the British Empire.

It is remarkable to note just within how many years health has become an important government function. I think the first public health laboratory in North America was developed in Ontario as recently as 1890. About that time I think the total expenditure of the province of Ontario with respect to all health functions was about $4,000, largely for a part-time secretary and some help to the secretary. In Ontario alone I would imagine that the health budget today exceeds $60 million, and I think the administration employs some 6,000 or 7,000 people.

In our own department, as the minister has indicated, there has been a terrific growth. He points out that the estimates before us today amount to $1,200 million. He of course has pointed out, as the Minister of Finance indicated in his budget, that it will be necessary to provide additionally about $70 million for our participation to the end of this fiscal year in the new hospitalization scheme. I had the honour to be one of the federal representatives attending the preliminary conferences with the provinces in 1955 and 1956, and on the basis of full participation it was calculated that the federal cost would be in the neighbourhood of $200 million.

As the minister has indicated, only five provinces to date have accepted this offer. My own province, the largest in the land, will become a participant from January 1, 1959. I am hoping that this scheme will have universal acceptance in the not too distant future. I think most of us are particularly concerned about the other large province, namely the province of Quebec; and perhaps the minister could indicate to us just what possibility there is of that province entering into the hospitalization scheme in the near future. The taxpayers of that province, of course, are obliged to contribute to federal taxation, and it seems a pity that that government is not moving very fast to provide to the people of that province the benefits of this additional advance in the health sphere which was introduced by the former administration and which the minister is proceeding with, I know, with great interest and support.

Also, Mr. Chairman, I believe we should like to have a little report from the minister with respect to our Salk vaccine program. I think we all realize that there have been remarkable results from the program that was introduced. Some statistics were tabled in this house, I think it was late last session, which indicated a remarkable decline in the incidence of this dread disease; and I think great credit is attributed to the vaccine that was developed. In fact progress has gone so far that those concerned with the very important campaign for the elimination of poliomyelitis in the United States, which raised tremendous sums of money from the public in the past, through the march of dimes and so on with which we are all familiar—I believe were of opinion that they had recently reached a point of correction and almost of control of this particular threat to health to the extent that they felt they could turn their efforts from polio to the other very dread health threat area, namely that of the arthritic and rheumatic sufferers.

I wonder whether the minister would also indicate to us during the course of our discussion in this committee something about the advances that have taken place in the field of cancer research since we last had the opportunity of examining his predecessor. I believe that under the health program the department, as well as concentrating on cancer research, is giving special concentration in the field of mental diseases. I think it is shocking to us all to be told, as I say, that there are perhaps more hospital beds today occupied by sufferers from mental disease than by sufferers in all the other

general hospitals put together. It seems to me something that is growing at an alarming pace. I think the committee would be exceedingly interested in getting from the minister an up to date report upon the co-operative efforts of his department in association with the provinces in this particular field.

On the estimates before us there is, of course, an opportunity for almost unlimited discussion on matters in which all members of the house are particularly interested. Sometimes we have in committee of supply items with which only a limited number of our membership are familiar with or in which they have a particular interest. But when we realize that in committee this morning we are discussing such matters of wide public political and human interest as family allowances, health insurance, disability pensions, blind pensions and so on, I think we realize that at this stage it is difficult to confine oneself to inquiries that will simply bring out new information and not necessarily be repetitious.

With respect to health insurance, either now or on the item in the estimates I should like to obtain from the minister some information as to which of the provinces seem to be adopting a policy under which there will be, shall I say, a discouragement of putting in the hospitals people who could very well get laboratory X-ray and other services under this scheme without actual admittance to hospital. I feel that if this procedure is not encouraged, our hospitals will simply have a burden upon them of people who do not need to be actually in a hospital but who will demand from their physician admission to a hospital simply because of the free services and so on that might not otherwise be provided in consequence of this national plan.

I have been talking to some doctor friends of mine in the past. I know they at all times feel they must be conscientious, but I understand that the pressure upon them is something fearsome. One can understand that when one realizes that it is more or less left to them to decide. The doctor must recommend that a patient go to a hospital or otherwise in order to get the benefits of the insurance provisions that are now available. I think this is a very important matter, and we would like to know about the various provincial schemes in this regard. Naturally we would like to know whether or not there is any change in the position of the present administration with respect to including tuberculosis and mental hospitalization costs in the scheme.

My hon. friend's party was certainly very forthright on this subject in the 1957 election campaign, and in Winnipeg on May 14, 1957 the Prime Minister left no doubt as to the position of his party in this respect. He was quoted not only in the Winnipeg *Free Press* but also in the *Tribune* as saying the Conservatives would repair a very serious omission in the hospital scheme of the former administration and would include tuberculosis and mental institutions in the sharing arrangement with respect to hospital costs.

A short time later, he just happened to be speaking in Saskatoon at the time of the annual convention of the Canadian Hospital Association, and he repeated this commitment. We all know there was a meeting of the premiers during the following November, but from all we can read it has been indicated that while provincial costs in respect of tuberculosis and mental institutions might be shared by the federal government, if that were done then there would be an equivalent deduction from the general provision somewhere else under the dominion-provincial arrangements.

With respect to our senior citizens, an inquiry was made yesterday about when we might expect to receive the Clark report, which is the result of an investigation which we all know was designed to take a particular look at the United States social welfare provisions in respect of senior citizens. This report, of course, has been much longer delayed than was originally anticipated, and I will not press the minister further on that point because yesterday the hon. member for Welland got some information on the subject from the Prime Minister.

I do think, however, that when we come to the question of old age security we could very profitably discuss such matters as further advances in the development of low rental housing for our aged people. I am very disturbed to read that the governmental institution type of shelter for the aged is proving to be exceedingly expensive. There are a great many people, of course, who are unable to look after themselves or to live in accommodation under their own control, but on the other hand there are many who would probably prefer this class of shelter. It is certainly much more economical to assist and promote individual housing accommodation of better quality for our aged people than to accommodate such people in government sponsored institutions.

I read two or three years ago, for instance, that Lambert House in Toronto was calculated to operate at a cost of about $120 per month per patient, and the costs are probably a great deal higher today. We are all aware that the subsidy available on housing accommodation through Central Mortgage and

Housing Corporation is certainly very modest indeed. I believe, therefore, that if there were an increase in the effort to co-operate with the provinces and the municipalities in this field this would have very widespread approval.

I wonder if the minister would tell us during his subsequent remarks something about the situation with respect to the training of nurses in Canada. There is a general feeling that nurses, as a group, bearing in mind the wonderful work they eventually do, probably have a harder time to get their training than any other group who have to have a long term of post-matriculation training before they can qualify in their profession. Could the minister give us some information in that respect?

In conclusion I simply want to say that I think we all agree in this committee that there has been great progress in the health field and indeed in the welfare field. As a result, most of us probably know that a lot more should be done in regard to health protection than we actually are doing. Perhaps the minister will just indicate to us later on whether there have been some new developments or increased efforts with respect to publicity in the promotion of good health in Canada through his department. Is the department today in a position to do very much in the way of advertising or promotional work, or can this only be done through the instrumentality of the provinces?

Mr. Martin (Timmins): I have a few remarks to make at this stage. I would like to first compliment the minister and the government on the measures introduced to improve the various health plans and so forth which exist in Canada at the present time which, I might say, are very inadequate. Steps, however, have been taken in the right direction. We in this group do not feel that all the action has been taken which should have been taken, and certainly we feel that the steps which the Conservative party indicated on many occasions it would take, if given the opportunity, should now be taken.

I listened with interest to the remarks of the hon. member for Kenora-Rainy River, who is the first member of the Liberal party to speak on this matter. One or two of his remarks were significant, first with respect to the increased costs in regard to admission to hospitals and so on, but I feel that this is possibly a matter which could be very well left to the discretion of our doctors and the medical profession generally. My personal experience with doctors has been that they are very responsible professional people, and I do not think there is any danger, certainly no great danger, that this plan is going to be abused by Canadian medical practitioners. In fact I believe that often in the past it has proved quite a burden to doctors when their patients needed hospital treatment and they realized the patients were not in a financial position to obtain it. I feel thoroughly satisfied, and I think I can speak on behalf of this group in this connection, that we should have confidence in the doctors of our country and that they will not abuse this plan when it comes into effect.

One thing that strikes me and this group is that we seem to have a false sense of values in this country today. We see a lot of propaganda—one could call it that—in the newspapers regarding the terrible burden of cost which any hospital plan or health plan would involve. But if we check the estimates of two very important departments, those of the Department of National Health and Welfare and the Department of National Defence, we find that the estimates of the Department of National Health and Welfare, including the statutory items, amount to just about 60 per cent of what we are expending on defence, and as had been pointed out on many occasions and as was pointed out by the hon. member for Kenora-Rainy River quoting from the *Financial Post*, most of this money being spent on defence is wasted because the defence material on which we are spending this money is obsolete before we get it.

Thus I fail to see why we should have such a spotlight on the legitimate costs involved in a matter so important as the nation's health, while at the same time the waste of money on obsolete weapons passes almost without comment. As a particular illustration of this point I might mention that at the present time the government is faced with a decision whether or not to put a certain type of aeroplane into production. If they decide to go ahead the cost involved will amount to $2 million for each plane. This in the aggregate would certainly represent much more than is presently being expended in looking after the health needs of the entire country.

One of the worst omissions of this government is that the vision which some departments seem to show has not been carried into this particular ministry. We see no such willingness on the part of the government to branch out into new fields in the Department of National Health and Welfare as there is, for example, in the Department of Northern Affairs and National Resources. We do not find the drive which has been demonstrated in other fields.

I think this contention can be illustrated by its attitude toward the present hospital plan. All that has been done in the last year or year and a half since this government took over has been to bring in some very minor amendments to a plan which was originally very inadequate. Certainly there has been no sign to date that this government is showing any vision or initiative in developing and planning a health service for this country, although such a plan is badly needed. It is particularly difficult to understand this attitude when we look back over the past few years and note the stand which was taken by some of those who are now cabinet ministers.

This morning, in answer to a question with regard to a bill of rights, the Prime Minister made the statement that the stand of the government now is the same as it was before. I only wish the same thing was true with regard to health insurance and hospital insurance. The hon. member for Kenora-Rainy River mentioned one particular statement of the Prime Minister as reported in the Winnipeg *Free Press*. I should like to give another which was reported in the Toronto *Globe and Mail* of May 28, 1957. It was reported from the Saskatoon meeting held on May 27:

> Mr. Diefenbaker reminded that the Conservative party had consistently advocated health insurance—

This is not only a hospitalization plan; it is complete health insurance, a complete hospital and health insurance plan. He went on to say that the Conservative party still believed that hospital insurance should cover patients in mental and tuberculosis institutions.

It has been said during this session that on occasion newspaper reports cannot be relied upon too heavily. But I think one thing we can rely on is our own record in *Hansard* as it appears from day to day, and we find that on February 16, 1956, at page 1233 of *Hansard*, the Prime Minister, then the hon. member for Prince Albert, asked the following question:

> I should like to direct a question to the Prime Minister. In the submission of the health plan to the various provinces, were tuberculosis and mental cases included? If not, why were they not included, and is consideration being given thereto?

The answer of the former prime minister was:

> They were not included. For many years they have been recognized as a provincial responsibility and the submission that was being made was for the provision of services additional to those already in existence.

Moreover, during the debate on the health insurance bill on April 10, 1957, as reported at page 3385 and subsequent pages of *Hansard*, again the present Prime Minister said:

> Our desire, while giving full support to the legislation as we have throughout, in the amendment moved by the hon. member for Eglinton, is to do our part even at this late hour to improve the legislation in order to make it more effective.

And a little later he said:

> The amendment moved by the hon. member would refer the bill to the committee of the whole for the purpose of considering this clause, thereby giving an opportunity, even at this late hour, of including within the ambit of the legislation sanatoria, tuberculosis hospitals and institutions and hospitals for the mentally ill. While tuberculosis is in recession, mental diseases are on the increase.

Further on in the debate the present Prime Minister had this to say:

> The goal that all of us have in mind will not be achieved until the two types of institutions to which I have made reference are included within the provisions of this legislation.

The Prime Minister was not alone in taking this stand. We find that many other members of the present government put themselves very clearly on record with regard to this matter. For example, as recorded on page 2657 of *Hansard* of March 25, 1957 the present Minister of Transport said:

> The Ontario government also feel that two very important categories of treatment today are those affecting mental and tubercular patients. They feel, and I think quite rightly, that those costs should be shared by the federal government.

And the present Minister of Fisheries had this to say:

> As far as the provinces are concerned there is very heavy expenditure in the fields of mental health and tuberculosis and most people feel, and I think correctly so, that these are illnesses which should not be differentiated from general illnesses and that those who suffer from these diseases should reap as much benefit from the scheme as anyone else.

And of course we have quotations from the late Dr. Blair, who at that time was the health expert of the opposition. I believe these quotations have been given before.

One of the most strongly worded statements on this subject was made by the present Minister of Finance, who has contributed many quotable statements to the debates of this house. He moved an amendment on that occasion, and as reported at page 3238 of *Hansard* of April 8, 1957 he said:

> My purpose is to ask the house to refer the bill back to the committee of the whole in order that this same clause which contains this unjustifiably narrow definition of the word 'hospital' may be reconsidered. I put before the house the ground that there can be no justification in good sense or in principle or in humanity or in the existing facts of life as applied to the financial difficulties of the provinces and municipalities of this country, for this government to try to drive a wedge between general hospitals on the one hand and tuberculosis hospitals and sanatoria and hospitals

and institutions for the mentally ill on the other hand. It is only by changing the definition that the government proposes in clause 2(e) that this unworthy distinction can be eliminated. I ask the house, therefore, to send this back in order that this clause, unworthy of the Canadian parliament, unworthy of the pretensions of the government that this is a comprehensive scheme, should be reconsidered and that its shortcomings should be remedied and that the scheme should in fact be made what the minister improperly pretends it to be, a comprehensive scheme of hospital insurance.

Certainly the Minister of Finance, who usually expresses himself in definite language, did so on that occasion. At that time he pointed out very clearly the deficiencies in the plan. I am convinced that no one reading his remarks could have received any impression other than that as soon as he had any opportunity of doing something about it the minister would certainly do so. I wonder if the Minister of National Health and Welfare could inform us if by any chance the arguments and criticisms of the Minister of Finance are as strong today as they were then with regard to this matter.

On January 9, 1957 the C.C.F. moved an amendment in the following language:

—and by reason of their failure to announce legislation establishing a comprehensive and nation-wide program of health insurance, with provision for provincial participation.

The vote was recorded on January 16, 1957, and the amendment was supported by the present Prime Minister and all the Conservatives in the house on that occasion. The amendment, of course, was defeated by a vote of 135 to 69 as recorded at page 320 of *Hansard* of that date.

We also find that when the debate was concluded and the vote taken on April 10, 1957 on the amendment moved by the Minister of Finance with regard to this same measure, among the members of the present cabinet who voted for the amendment as reported at pages 3392 and 3393 of *Hansard* were the hon. member for Three Rivers, the present Solicitor General; the hon. member for Winnipeg South Centre, the present Minister of Trade and Commerce; the present Prime Minister; the hon. member for Hamilton West, the Minister of Citizenship and Immigration; the hon. member for Eglinton, the present Minister of Finance; the hon. member for Kamloops, the present Minister of Justice; the hon. member for Vancouver-Quadra, the present Minister of Public Works; the hon. member for Notre Dame de Grace, the present Postmaster General; the hon. member for Calgary North, the present Minister of Agriculture; the hon. member for Broadview, the present Minister of Transport; the hon. member for Greenwood, the present Minister without Portfolio; the hon. member for Queens, the present Minister of Fisheries; and the hon. member for Ontario, the present Minister of Labour. It is worth noting that these hon. gentlemen voted for the amendment on April 10, 1957, two short months before the election that brought them to office.

I wish to illustrate how inadequate the present plan is. I have some figures taken from the health and welfare division of the dominion bureau of statistics which show that patients in mental hospitals constitute 39 per cent of all bed patients in this country and patients in tuberculosis hospitals constitute 7.63 per cent of all bed patients in Canada at this time. Of course that 47 per cent is excluded under the plan at the present time, just as it was excluded by the previous government, when it was criticized so severely and justifiably by those who now sit on the government side of the house.

In 1950 and 1951 the Department of National Health and Welfare conducted a Canadian sickness survey which indicated that hospital patients in this country totalled about 1,350,000. With 47 per cent of the patients excluded from the plan this means that roughly only 700,000 will be covered by the federal contribution and a total of 650,000 will not be covered. But that is only one small part of the health picture in Canada. According to the same survey the number of people needing physicians' services that year was 5,950,000. The number of people requiring dental treatment was two million. The number of people requiring operations was 500,000. The number of people requiring eyeglass examinations was 450,000. The number requiring miscellaneous health care was 200,000. As far as that portion of the plan to which the federal government contributes is concerned we find that a total of only 700,000 patients out of a total of 10,450,000 patients will be covered, or in other words one out of every 15 patients.

Furthermore, an examination of statistics compiled by the dominion bureau of statistics indicates that the population of Canada has increased by 21.4 per cent since 1950. Applying this increase to the survey made in 1950 and 1951 brings the relationship to about one patient out of every 16. I believe that clearly illustrates the inadequacy of this plan. It demonstrates the need on the part of the department to display something of the vision this government is attempting to apply in other fields. There is nothing more important to a country than the health of its citizens.

The hon. member for Kenora-Rainy River dealt with the increasingly important question of radiation poisoning. I too should like the minister to inform the committee just what measures his department is taking to study this matter and what the results of

their investigations reveal. The hon. member also dealt briefly with the question of the United States social security plan, or as we preferred to call it when we have raised this subject on previous occasions, the portable pension plan. We feel this should be part of our social security in Canada. The plan has worked extremely well in the United States, so we are not trail blazing in this regard. We can take lessons from them; we can find out the errors and mistakes they have made over the years, and we can benefit from the experience they have had.

Certainly, Mr. Speaker, the need is very great for this department to show much more initiative than it has shown in the past. The country as a whole will be looking for some lead from this government, particularly from this department, which will indicate that the expectations which the people took from the remarks which were made by the members of the present government before it came into power will be realized.

Mr. Nielsen: Mr. Chairman, I will not delay the committee very long, but I do wish to draw attention to certain other considerations which may have been overlooked by the hon. member for Timmins. I am sure he wants to maintain the fairness for which most members of his group are noted. In his comments concerning the lack of initiative and the lack of new ideas on the part of this department I do not think he took into consideration the rapid strides the department is making in advancing the cause of the health of individuals in the northern parts of Canada. I believe the department is developing very rapidly plans for mobile and quasi-mobile health units in those areas. Perhaps the minister might explain those plans to the members of the committee.

Just briefly in passing, Mr. Chairman, I might also point out that the trend which was followed by the previous administration in this matter of northern health was perhaps not directed along the proper lines. In this regard perhaps the minister might also explain briefly what the departmental plans are concerning the Whitehorse general hospital, its completion and its staffing, as I personally feel that here in this magnificent structure, this magnificent memorial to past Liberal administration, we have our own printing bureau in the Yukon. Perhaps the minister might explain what use is to be made of the buildings which have been constructed in connection with the main hospital facilities.

I would like to express my gratitude and appreciation on behalf of the people of the north for the vision which this government is displaying in its approach to northern health problems. The mobile health units are the only method by which permanent nursing, medical and hospital facilities can be made available to sparsely settled communities. This is a new, a novel idea, an idea which is being vigorously pursued by the present minister.

Knowing that the hon. member for Timmins wants to be fair in a matter of this kind I would suggest that perhaps he should temper the remarks he has just made in the light of this knowledge.

Mr. Cardin: Mr. Chairman, since its reorganization in 1944 the department has grown very considerably both in size and in importance, as hon. members who have spoken have said. As a matter of fact, today we are being asked to pass estimates for over $1,735 million to be expended in the field of health and welfare in our country. I believe this is a commendable amount of money to be spent in such a good cause, since it represents roughly about one-third of our total budget. However, like most departments with increased responsibilities in recent years, the Department of National Health and Welfare has also become quite complicated and it has been difficult for members to keep up with all the activities that are taking place in the different divisions of the department.

Mr. Benidickson: A report would help.

Mr. Cardin: Exactly. With annual reports in the past hon. members were able to follow very closely the progress that was being made in the different divisions of the department, and were able to take part in the discussion of the estimates with a clearer understanding of what was going on. But, as the hon. member for Kenora-Rainy River has said, this year members do not have an annual report of the department before them. As a matter of fact, as my hon. friend said a moment ago, the last report of the department was tabled by the previous minister of national health and welfare for the fiscal year ended March 31, 1956.

I can quite understand that perhaps we could not expect at this time to have the report for 1958, but I would rather imagine that the report for 1957 should surely be at the disposal of hon. members. I submit, Mr. Chairman, the fact that there is no annual report for 1957 is in direct contravention of section 10 of the Department of National Health and Welfare Act, which states that "the minister shall submit annually a report to parliament in such form as may be prescribed by the governor in council".

When the minister rose to speak a short time ago I expected that he would at least explain to the committee why we have not before us the annual report for 1957. I would

have thought that perhaps the minister might have apologized to the house for having overlooked what not only has been customary in this house and in the Department of National Health and Welfare but for having overlooked something which is a statutory requirement. I submit that this is a very serious omission. It is very serious because the report was not brought down in the first place, and in the second place because neither the minister nor anyone on the government side thought it useful or necessary to advise or explain why there was no report for 1957.

This is a serious omission, but I submit that it becomes more alarming when we consider that in another important department of government it was decided that an annual report would no longer be published and, as a matter of fact, the usual white paper which accompanied the report of that department was completely disregarded.

Mr. Benidickson: Almost two-thirds of the expenditures come under those two departments.

Mr. Cardin: Yes. Therefore the very people who accused the previous administration of withholding information from the House of Commons in regard to confidential material are now not only unwilling to produce the confidential document in its 1958 version, but they are not even willing to put at the disposal of hon. members information which is not only useful but necessary, and which was at the disposal of hon. members during the regime of the previous administration when the department was headed by the previous minister of national health and welfare.

The fact that this and several other similar incidents have occurred within recent months is to my mind a far truer measure of the government's solicitude for the rights and privileges of parliament than is the Prime Minister's self-attributed qualification of defender of parliament. I feel it necessary to repeat that in the true interests of the dignity, rights and traditions of this house we have an obligation to look far more carefully at the actions of this government. We could, I feel sure, discredit a good many of the statements we hear concerning the rights of parliament.

In so far as legislation is concerned, I think one of the most remarkable amendments to legislation that was brought forward by this government was the increase from $46 to $55 in the old age pension. I feel quite sure that the increase was indeed welcomed by all citizens, and that the additional $9 was used to very good purpose by a great number of these recipients. However, I feel it would be wise and useful to at least stop and think about exactly where we are going in the field of social legislation. I am sure all hon. members realize that the natural law, the physical law and the moral law all indicate that no one really gets anything for nothing. It seems to me that we must be ready to pay for whatever we receive. The government's commitment on old age security, which amounts to about $555 million, and other fields of social legislation should be looked at in the light of the deficit of some $1 billion for this year.

Now, as hon. members know these commitments by government are not made on a yearly basis; they are made on a permanent basis. One does not have to be a prophet to forecast deficit budgets for some years to come. I believe, and I do not think anyone would disagree with me, that the national revenue within the next few years will not be sufficiently high to counterbalance the increases in commitments which the government are now making. Unless the government are willing to face very serious economic difficulties, then they will have to consider increasing taxes, no matter how many promises were made to the effect that it was possible to increase social benefits without increasing taxes.

Another thought which I believe is worthy of consideration is that it is not impossible that inflation, even at a time of recession such as we are now having, whether or not we like it, may cut very deeply into the purchasing power of the Canadian public. This may decrease substantially the benefits of the increase in old age security payments, with the result that the very purpose for which the increases were given would be defeated.

In spite of the increase of $9 in the old age security payments I submit, Mr. Chairman, that the Prime Minister did not fulfil the promises he made during the course of the election campaign. In the Toronto *Daily Star* of April 26, 1957 the following article appeared:

> Mr. Diefenbaker condemned the "mean and niggardly" pension increases offered by the Liberal government and said a Conservative administration would deal with the problem more fairly and adequately.
>
> Old age pensions, he promised, would be set "at a figure high enough to meet the needs of our older citizens" and would be adjusted from time to time in accordance with changes in living costs.

Surely the Prime Minister, as well as the hon. members who are now applauding, realizes that $55 a month is not sufficient to meet the needs of our older citizens, nor is the increase of $9 proportionate to the increase in the cost of living in the past few

years. As a matter of fact, if the Prime Minister had fulfilled his promise he would have had to raise the old age security payment to $70 a month. No amount of oratory on the part of the Prime Minister can make the Canadian people believe that the Prime Minister and this government have actually fulfilled the promises made during the election campaign.

Mr. Monteith (Perth): Don't be silly.

Mr. Small: The people were satisfied with it.

Mr. Cardin: It is quite obvious that you cannot make the people believe that, and this is the reason.

Mr. Small: We did at the last election.

Mr. Cardin: You wait until the next one. No matter how much we would like it to be otherwise, in the present stage of our economic development, old age security and other social measures cannot possibly be an end in themselves. They can, at this stage, be only an indefinite form of financial aid which the government may give to certain sectors of our society that need it most, based not on the cost of living, though we would like that to be the case, but based on the capacity of the Canadian economy to pay. I submit that anything above and beyond what the Canadian economy can pay is unrealistic, and is to my mind a dangerous practice which in the end defeats the very purpose for which these social measures were instituted.

I feel sure hon. members will criticize me severely for having said what I have. I shall be considered as rather brutal, but I am sincerely convinced that we must at least realize where we are going and I feel it is my duty to warn the committee of what is happening. I feel that what I say is true, and I feel that eloquent support is given to what I say by the $1 billion deficit for this current fiscal year.

A well balanced social security program also should try to cover as wide a field as possible, so far as our Canadian economy will permit. If it is just and fitting to help our senior citizens, I believe it is equally fitting and right that we should help our junior citizens. I think we, as Canadians and citizens of a new country, should pay particular attention to what we will make of our children. We should do all we can to help families give their children fundamental and minimum standards of food, clothing and schooling in order that they may be able to take part actively, and to the best possible extent, as citizens of this country.

I do not believe anyone will disagree with that principle. Yet, Mr. Chairman, there was a certain amount of objection, criticism and abuse heaped upon the previous administration when they introduced family allowances. Ever since that time the Conservatives have been extremely cold toward any movement to increase family allowances. At the convention which the Conservatives had some time ago someone in the hall asked the chairman of the resolutions committee to introduce a resolution stating that family allowances would be increased. That request was refused.

In the avalanche of promises that we heard in two general election campaigns not one word about the matter was spoken by members of the cabinet, the Prime Minister or those who control the party. Not one word was mentioned with regard to increasing family allowances. As a matter of fact there is no legislation on the statute books at the present time nor is there any indication from any speech made or any word spoken which would lead us to hope that there may be an increase in family allowances. But the fact that the Conservatives criticized the family allowance the fact that they have been cold toward it and the fact that there is no legislation on the statute books even today did not stop the Prime Minister or members of his party when in opposition from heaping scorn, criticism, ridicule and abuse on the previous administration for having increased the family allowance by $1. I say, Mr. Chairman, that increasing the family allowance by $1 is one hundred times more than has been done by the present government and one hundred times better than not doing anything at all.

Mr. Benidickson: It is $42 million in a full year.

Mr. Cardin: It is also far more condemnable for the government to sit in cold and stony silence whenever family allowances are mentioned. I wonder what qualification we can give to a political party which, amidst abuse and ridicule, condemns another political party when it has not the courage itself to do even as much. I have certain adjectives which I could use to describe that type of party, Mr. Chairman, but I feel quite sure that I would not be permitted to use them in this house.

Hon. members of the house sitting on the opposite side, including the Solicitor General severely condemned the previous government for increasing the family allowance by only $1 and urged the previous government to increase the family allowance so the children of Canada may be given all the opportunities they deserve. Surely the Solicitor General and hon. members opposite cannot now sit like

dummies in their seats. Surely they cannot fail to rise at this time and ask the government to increase family allowances, and condemn it for having ignored family allowances ever since it has been in power. If they do not rise and make speeches of the same type as those they made during the administration of the previous government, Mr. Chairman, what else can we think than that they were not sincere at the time they were making the accusations and at the time they were asking for increases in family allowances?

Mr. Chown: Where are you going to get the money?

Mr. Bourque: That is your problem.

Mr. Cardin: Another essential requirement of social security legislation which is well founded is the fact that every Canadian who qualifies under the act should receive the benefits of the legislation regardless of religion, race or politics. I am happy to say that all social legislation which is administered by the federal government follows that principle religiously. Anyone who qualifies for any benefit under any type of social legislation administered by the federal government automatically receives it without any condition. But there are other pieces of legislation, and I am thinking in particular of the Old Age Assistance Act and the Disabled Persons Act, to which the federal government contributes in no small measure but which are administered by provincial governments.

I do not know what happens in the other provinces, Mr. Chairman, but I know that in Quebec both these acts have been utilized for political advantage on many occasions by persons who support the present provincial government in the province of Quebec, either as a threat or as an inducement, with respect to people who should normally receive the benefits of the act without any conditions whatsoever being imposed. I suggest that this type of activity is completely intolerable to members of this house. Because of the fact that the federal government contributes more than a little to the cost of this legislation, the government has a responsibility, as has the minister, to see that all people in Canada, including those in the province of Quebec, who qualify for a benefit under social security legislation should receive it without any conditions whatever attached to its receipt. If we do not do that I submit that we are not living in a democracy.

I am also happy, Mr. Chairman, to see that the hospital insurance plan will be coming into effect. I do not think anyone will deny me the right and the pleasure of saying that the previous Liberal administration worked very hard in order to implement a very complicated but very useful scheme. I can also say that the previous minister of national health and welfare also contributed greatly to bringing about this insurance scheme. This is not said to take anything away from the present minister. On the contrary, I think he is to be complimented, today being his first anniversary as Minister of National Health and Welfare. I think he has done a wonderful job. I think he deserves a good deal of credit. I sincerely wish him well in the continuation of his mandate as Minister of National Health and Welfare, which we feel will last about three more years. I am happy to see, Mr. Chairman, that as of January 1 British Columbia, Alberta, Saskatchewan, Manitoba and Newfoundland have already entered into an agreement—

Mr. Monteith (Perth): July 1.

Mr. Cardin: That is right; July 1. I am happy to see that as of July 1 those provinces have already entered into an agreement with the federal government and that the plan is now operating; and that as of January 1, 1959, Ontario, Nova Scotia and New Brunswick will likewise participate in the plan. However, I can also say that I am very sorry and I deplore the fact that once again the province of Quebec does not think it wise to enter into such a plan although, as the hon. member for Kenora-Rainy River said a while ago, it contributes to funds which are being utilized and from which benefits are being derived in the other provinces of Canada.

I feel very sorry that for reasons better known to himself the premier of the province of Quebec does not see fit to allow the population of Quebec to benefit from this wonderful legislation. Under a Liberal administration, of course, there was no question whatsoever that the province of Quebec might even conceivably come within that act. But with the change of government we are beginning to have a little bit of hope and confidence that Quebec may one day enter into the act. In the London *Free Press* of May 17, 1958 we read "Quebec Swing Now Seen Toward Hospital Plan". Furthermore, in the Montreal *Star* of June 7, 1958 there is the headline, "Duplessis Admits Quebec Preparing for Hospital Plan".

May I say that we are very happy indeed that the premier of Quebec should have had such a change of heart, and we are liberal enough to say that we do not care even though the fact that there is a Conservative government at Ottawa, is the reason the premier of Quebec has changed his mind. We are happy, and we hope he will in the very near future communicate with the minister to tell him that he is ready to take part in what I believe to be very beneficial legislation.

I would also urge the minister, because I understand so far he has not done so, to communicate with Premier Duplessis to see if through negotiation it would not be possible to have Quebec join the scheme as soon as possible.

I see that my time has pretty well expired. I may have been rather critical of the Department of National Health and Welfare, but may I say that if this is so I was not being critical of the minister personally or of anyone else in his department. I have brought forward matters about which I feel very strongly, and I hope the minister may be able to give me answers which will help me to understand if perhaps I am wrong.

Mr. Horner (Jasper-Edson): I would like to compliment the minister on this, the anniversary of his first year in office, and to commend him for the wonderful job he has done. As a member of the medical profession, however, I do feel I should place before him some points of view during this discussion on the estimates of his department.

First, I was quite amazed at the speech made by the hon. member for Richelieu-Vercheres, which I think points up the dilemma of the Liberal party. They want to go one way but they have to go the other way, so they end up by stripping their gears. There is no doubt about what he has said in regard to social service in this country in that we have to be able to pay for it, but I think the important thing is for the government to decide on how the distribution of available funds will be effected; and that, of course, is where the former government badly fell down.

In our national Department of National Health and Welfare we have a great number of services having to do with the health of Canadians. The department itself looks after the health of our citizens in the north, the Indians and the Eskimos; it also looks after health matters with respect to the Department of Citizenship and Immigration, and provides other medical services. The Department of National Defence provides health service for members of our armed forces, and the Department of Veterans Affairs takes care of health service for our veterans. It might be useful if in future our federal departments could get together so as to provide uniform health service to cover those services now provided by the various departments. I think that is important for the future for several reasons; first with respect to civil defence, second in order to prevent waste of beds and personnel, and third with respect to medical education in Canada.

I will have a little more to say on that aspect of the matter later, but I would like to turn to our hospitalization scheme, which I am sure we are all happy to see put into effect. There are a great many problems to which we must give very serious consideration; and, as the previous speaker said, our social services depend upon the ability of Canada to pay. I think we should immediately recognize that this scheme is going to cost the country a considerable amount of money.

As the hon. member for Timmins pointed out, under this scheme the responsibility for the institution and operation of the service will rest upon the shoulders of the medical profession; I do not think there is any doubt about that. Although I am just a junior member of the profession I personally have no doubt that the medical profession as a whole will be able to accept this responsibility. If, however, we are asking it to accept this responsibility then surely we should give recognition to the profession, at least in the form of an advisory council. In that respect I feel that all parts of the profession should be represented.

Coming now to the hospital scheme itself, I think all members who have gone over the various provincial schemes will agree that with respect to all those provinces which have now entered the agreement or have signified their intention to do so, the main problem is the lack of uniformity as between the provinces in regard to such things as the drugs which are to be provided and the control which will be placed not only on the hospitals but upon the medical profession generally. For example, the arrangement with Saskatchewan contains quite definite restrictions on the drugs which practitioners are allowed to use and which are to be provided under this scheme.

That in itself is not so bad, but what is wrong is that the provincial governments are going to have control and perhaps will act in a deterrent way in respect of the physician practising his profession, in that it will have some say as to the drugs which may or may not be used. That, I can assure the house, is very wrong and very bad for the future of medical care in this country, because as soon as governments at any level become involved in the treatment of patients, then the standard of medical care will deteriorate.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: I understand that the Prime Minister wishes to make a statement. Shall I rise, report progress and ask leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

EXTERNAL AFFAIRS

ANNOUNCEMENT OF SUSPENSION OF NUCLEAR TESTS

The Acting Speaker (Mr. Rea): Has the right hon. Prime Minister leave to revert to motions?

Some hon. Members: Agreed.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I indicated yesterday that a further statement would be made on the question of nuclear tests. Today the President of the United States and the government of the United Kingdom have issued important announcements with regard to their policy in this field.

On behalf of the Canadian government I, and I think all hon. members, welcome unreservedly the decisions which have been reached by the United States and the United Kingdom governments. Indeed, I hope I can speak for all shades of opinion in the house and in the country in welcoming this major development announced this day, and especially to express the satisfaction of members of this house with the statesmanlike and specific nature of the proposals made by those two countries.

The house will recall that on several occasions since I became Prime Minister I have advocated the suspension of nuclear tests, but always providing there was adequate international control to ensure the observance of the undertakings made in that connection. The principal powers now have before them the result of the technical discussions at Geneva to which Canadian scientists have made an important contribution. These powers are therefore in a favourable position to proceed on a political plane to negotiate the specific terms of an agreement which I hope will be international in effect.

The readiness of the United States and the United Kingdom governments to suspend nuclear tests for a year is a contribution of the first magnitude toward the creation of a favourable atmosphere for negotiation. The conditions that the suspension agreement be extended year by year only if the inspection system is functioning effectively and progress continues to be made in the reaching of agreements on major substantive disarmament measures, are prudent foundations on which to build. Such understandings will provide a further incentive to creative efforts for the enlargement of mutual confidence and the assurance of the maintenance of peace, and they would emphasize the political significance of an agreement on the suspension of tests as a first step toward disarmament.

It is my profound hope that the Soviet union will shortly indicate its readiness to enter into negotiations for the general purposes set forth in the United States and United Kingdom statements. For our part I can give unqualified assurances that to the extent that the control arrangements which may be agreed upon might be applicable to Canadian territory, we are prepared to co-operate in setting up control stations and inspection of the kind outlined in the report of the experts. Indeed, on more than one occasion Canada has agreed unreservedly to her northern areas and Arctic regions being made available for inspection in order to ensure that surprise attacks will not take place.

At the proper stage of negotiations, which we hope will soon be begun by the powers engaged in active testing programs, the opportunity will come to put forward our detailed views on this matter and to offer constructive suggestions with respect to the location of stations and the administration of inspection teams within Canada.

Sir, after many years of fruitless discussions on the question of disarmament, and indeed the complete breakdown of the machinery of negotiation last year, the world at last has a prospect of agreement in one specific and important field. An agreement for the suspension of nuclear tests would be significant in itself, and might conceivably represent a concrete start on the arduous process of negotiating a disarmament program and agreements which would increase the security of all nations, diminish the danger and fear of war and lighten the burden of armaments.

I trust that in the near future a further round of talks at the expert level will be held on the problem of safeguards and the provision of the necessary means to ensure the maintenance of confidence in this connection.

What has been announced today will give new hope to all mankind. If the U.S.S.R. will now agree to enter into negotiations as suggested in the statements of the United Kingdom and the United States of America, we may this day be entering a new era for the achievement of world peace.

Hon. L. B. Pearson (Leader of the Opposition): Perhaps I may be permitted to say a word in regard to the important statement which the Prime Minister has just made. I feel certain that all members of the house will have heard with great satisfaction the decision which has been reached by the governments of the United Kingdom and the United States to suspend nuclear tests for a period of one year. This does, I think, represent one step forward in the effort to bring nuclear weapons of mass destruction under control and, eventually, to abolish them. As such, I am sure we all support the progress which has now been made and which has been mentioned by the Prime Minister.

It remains now, as the Prime Minister has indicated, to work out international arrangements in the United Nations which would confirm and extend the national decisions which have been taken by the United Kingdom, the United States and, previously by the Soviet union. It remains now also to bring this international arrangement which can, I hope, be proceeded with under United Nations control so that public opinion in all countries can be assured that the obligations undertaken in any international arrangement will not be violated. The recent meeting of experts at Geneva which just concluded its work with a positive and constructive report shows that this can be done. It must not be forgotten that a Russian scientist was included in this meeting.

I wish to refer to two paragraphs of that report which certainly have a bearing on what might now be done and I hope will now be done. It is significant to note that these paragraphs were subscribed to by all the scientists there, including the Russian. A newspaper editorial commenting on that portion of the report stated:

> The conference of experts reached the conclusion that it is technically feasible to set up, with certain capabilities and limitations, a workable and effective control system for the detection of violations of a possible agreement on the world-wide cessation of nuclear weapons tests.
>
> It was established in this connection that a network of control posts which were equipped with all the necessary apparatus appropriate to the various methods of detection of nuclear explosions should be disposed on continents and on islands, as well as on a few ships in oceans.

I am sure the house will have heard not with surprise but with satisfaction the statement of the Prime Minister that the Canadian government will be happy to co-operate now as it has indicated its willingness to co-operate in the past in any system of control of this kind which requires Canada's co-operation. And so some progress has been achieved, but we must not forget that this is only one step. It is a step taken by nations individually, and it must be made international. There may be difficulties in the way, but I hope those difficulties will be overcome.

The secretary general of the United Nations sent a communication to the conference in Geneva commenting on the report, in which communication was included the following sentence:

> It will hereafter lie with the governments concerned and the United Nations to follow through the opening you have created. I have every hope that in due course they will indeed make the necessary constructive effort.

And so, Mr. Speaker, we must all join with the Prime Minister in the hope he has expressed that all nations will follow through in the effort which has begun and which may one day lift this shadow of fear that hangs over the world, the fear that these weapons that could destroy the world might one day be used. Because that fear has been to some extent lessened by what has happened at the Geneva meeting and by the decision announced today in the United Kingdom and the United States, we must rejoice and redouble our own efforts to make further progress.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, without doubt all hon. members of this house and the Canadian people as a whole will be heartened by the good news and the hope engendered by the Prime Minister's statement. As a peace-loving people we respond very quickly to the slightest indication of an improvement in the world situation. I know we all share the wish that the future will justify our hopes in this respect. We trust we may look upon this as a step in the painful progress toward world sanity.

Before concluding I wish to emphasize the fact, particularly on account of the criticism we hear at times of the value of the work of the United Nations, that this present development presents a tremendous opportunity for the United Nations to carry forward the ideas expressed in the Prime Minister's statement.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

231. Departmental administration, $1,441,494.

Mr. Horner (Jasper-Edson): Mr. Chairman, at one o'clock I was in the process of making some remarks with regard to the national hospitalization scheme and the contracts which have already been entered into. I made the statement that it would be to the detriment of medical care in Canada if

government became too involved in such care. I should like to make it quite clear that when I speak of government becoming too involved in matters of this kind I mean in terms of interference in the doctor-patient relationship.

There is no doubt that government has a very real responsibility with regard to hospitalization, and that has been shown by the introduction of the national hospitalization act. However, I feel that perhaps the government and the house have not given sufficient consideration to just what this act will entail and what responsibility we will have under the act. When I first came to Ottawa I was surprised to learn that there is not a standing committee of this house concerning national health and welfare. That is an omission which should be rectified in the near future in my opinion, having regard to the amount of money that is going to be spent by this department. In that connection I should like to point out to the committee some of the questions we will have to consider if we are going to make the scheme work as economically as possible.

First and foremost, of course, is the question of hospital beds. There is a shortage of hospital beds at this time, particularly in certain areas. It is not only a matter of making more beds available, but we must derive the best use possible from the beds we do have. Some of the previous speakers have noted that we have to assure that active treatment hospital beds are kept available for people requiring active treatment. We have a responsibility to see that our older people are provided accommodation so they may be released from hospital. We have an equal responsibility to ensure that veterans are cared for without having to remain in active treatment hospitals occupying essential hospital beds.

A second consideration in the responsibility of accommodation is that of making sure we supply the most modern equipment that is available, and make it available to all the people in Canada. I hope this will be taken care of.

The next big responsibility which the federal government has and to which we should be giving serious consideration is the matter of personnel to man the massive hospitalization program and to assure that the Canadian people are getting their money's worth from this expenditure. In that connection we must make sure that Canada maintains her present position in the field of medical education, post-graduate education and interne education. I wish to draw to the attention of hon. members of the committee that interne education is an important field. We are losing a great many internes, particularly to the United States, for various reasons. Certainly one reason is that they do not receive the necessary remuneration to permit them to remain in Canada. Governments all across Canada are spending vast sums of money subsidizing the education of internes at universities, but we must not stop there. We must assist them to continue to study in Canada and practise here.

There is also the problem of the shortage of nurses. As the hospitalization scheme is implemented across Canada the number of nurses required will be greatly increased. As hon. members know, there is a definite shortage at this time. I think the plea of the hon. member for Athabasca, made in the house some time ago, in regard to the federal government giving consideration to paying a subsidy to nurses, should be acted upon, and I would certainly commend it to the minister for his consideration.

Then there are the other personnel who in this modern day and age have charge of facilities in the hospitals. I refer to the various technicians in the laboratories, X-ray rooms, and so on. We have to take the lead in the education of those people. We have to do it now; we have to supply opportunities to be educated in Canada; we have to make sure that they are properly looked after when they graduate, so they will stay in Canada and help us in this job of hospitalization.

Because this hospitalization scheme is of such national importance and because, as I said previously, the responsibility for its efficient working is going to rest on the shoulders of the medical profession, I believe they should have some help in that regard. I believe the Department of National Health and Welfare has a responsibility to educate the boys and girls in our schools. They should make more material available than has been made available up to now. I commend the department for the books that have been put out, particularly the books on child care and more particularly on the book "Canadian Mother and Child", and also other books that have been put out over the years. They are excellent books. I think more could be done for the junior age group in our high schools. More literature should be available to them, because there is no doubt that an educated public is going to be required to make this hospitalization scheme work.

We can go on from there as far as education is concerned, but certainly the federal government has a serious responsibility in one regard. I refer to medical research. In the past, of course, we have had the Connaught laboratories, but it is going to be more important in the future in cancer research and all other medical research which have to be

undertaken. I am sure the minister is quite aware of this, but I just mention it to bring it to his attention again.

There is just one other problem that I should like to bring to the attention of the committee at this time, namely the problem of the general practitioner in Canada. I feel that something should be done in this regard, because I feel very strongly that the general practitioner is the backbone of the medical service in Canada and will be the backbone of the hospitalization scheme if it is to work. It is vitally important that we do not relegate the general practitioner to the status of a file clerk, because if we do that the whole scheme will break down.

One other thing I should like to say in that regard has to do with civil defence. Probably most hon. members are aware that if—and I say "if"; from the announcement we just heard it becomes a little more remote—we are ever involved in a nuclear war our major medical centres would in all probability be involved in that war and would be of no use to us. We must keep in mind that the backbone of our civil defence in so far as the medical corps is concerned will be the country hospitals in rural areas and our general practitioners in those areas. If we are to make sure that we have the buildings and the people ready to take over that responsibility, then we have to guard very jealously the position of the general practitioner. I am happy to say that in Canada the general practitioners are very fortunate in that so far their position has been recognized.

If I may, I would like to say one other word in regard to the senior citizens of this country, our older people, our pioneers, and their housing accommodation. This has always been a very great problem in all communities in Canada, in that we have always had the problem of looking after our older citizens. Many governments have the idea that all they have to do is build some sort of marble hall and stick those people in there and forget about them. Many of our provincial governments are doing that right now. They are building 400-bed homes for the chronic aged in the cities.

I can tell the committee—and I am sure most hon. members will agree with me—that our old people do not want to go into those marble halls. They want to have some accommodation, yes, but they want to have that accommodation and maintain their independence, because after all they are Canadians. I am a little disappointed that some of the provinces of Canada have not taken advantage of the help which is available under the present legislation through Central Mortgage and Housing to provide the type of accommodation which our old people want and need. I trust we are not going to keep on building huge marble halls in cities or in other areas. Those people want to stay at home with their friends; they want to have some independence.

In conclusion I should like to commend the minister on his work in the past year. My remarks with regard to the hospitalization scheme I would like to be taken as concerning something which will happen and which we are going to have to take into consideration and fulfil as the rest of Canada becomes involved in the scheme.

Mr. Badanai: Mr. Chairman, I would like to bring to the attention of the minister a matter which is of concern to my constituency, and it is no doubt a condition which obtains in every other constituency in the country. I wish to speak briefly on pensions in relation to health. Under the present legislation an old age pension is not payable without a means test until a person has reached the age of 70, when he or she, by the way, is subject to failing health.

As everyone knows, in most industries now the normal retiring age is 65, and in most instances the employees are retired with no pension or with a very small pension. During the period 65 to 70 most citizens still have to meet fixed commitments such as mortgage or rental payments, which are proving increasingly more difficult with the reduced value of the dollar owing to rising costs; call it inflation, if you like. The fact remains that what was once considered a small pension has now shrunk to a totally inadequate and ridiculously low level, and is certainly not sufficient to meet doctors' bills.

Legislation should be introduced to eliminate the means test at 65. I should like to read a paragraph or two from a letter which I received from one of my constituents, which tells part of the story:

> I am a retired C.N.R. man, having been off now for over three years. I have, up until now, been fortunate enough to find work for part of the year but lately I have been unable to secure work. I thought I had a job lined up with the department of highways at Fort William but I now find I am too old. I want it understood that I have no complaint with the officials of the department of highways. They were very courteous and took my application but later informed me they had instructions not to hire anyone over 65 years of age. That in itself I think is all right as there are many younger people who cannot find jobs.

It is one of the tragedies of our times that retired men and women, most of whom devoted their lives to the public service, are now caught in a vicious cost-price squeeze. Twenty years ago a man could look forward to a fairly comfortable retirement on a few thousand dollars or on a guaranteed pension of say $25 or $30 per month. These people

are now living on the ragged edge of abject poverty, and that is a condition which should not be tolerated in this great and wealthy country of Canada. Surely it is not too much to ask that pensions of civil servants, who have to pay for medical services, for instance, be brought under review and increased to the point where retirement after a lifetime of service means a peaceful rest from labour and worry.

I am aware that this particular matter was thoroughly discussed on Monday, December 16, 1957, as reported in *Hansard*, but unfortunately the resolution under discussion at that time was talked out. That resolution had been introduced by my predecessor, Rev. Dan McIvor. I have practically the same resolution on the order paper, but unfortunately it will go into oblivion so far as the present session of the house is concerned. This resolution reads as follows:

> That, in the opinion of this house, the government should consider the advisability of introducing legislation to increase the pension of civil servants and Royal Canadian Mounted Police who were retired after long service when salaries were low, so as to bring their pensions in line with those of the present.

The question of pensions is one which should be considered and which should be under constant review in order to prevent the inequalities which now exist in so far as our retired civil servants and members of the R.C.M.P. are concerned. There are other categories, of course, which should receive consideration, not the least of which are the widows and unmarried women. These categories should receive pensions at the age of 60, and the reasons for that are obvious. Everyone knows that a single woman at the age of 60 cannot easily obtain employment, and unless she has independent means she is left to the mercy of charity or cast on the relief rolls of the municipality in which she lives.

I should like also to commend the hon. member for Carleton, who was in the house a few moments ago but is now out of the chamber, for the very creditable presentation he made last December on this question as reported in *Hansard*. I express the hope that his views on the matter have not changed since he made this statement:

> I say the government is not acting justly toward retired civil servants in not granting an increase in their superannuation.

The government has given an indication that they will consider this aspect of the situation, and it is to be hoped that they will do something about it soon.

All persons who require hospitalization, Mr. Chairman, will be taken care of under the Hospital Insurance and Diagnostic Services Act, with the exception of those who are placed in nursing homes. They must bear this expense, and if the patient is an indigent such cost must be borne by the municipality. I say that today municipalities are charged with costs of all descriptions as a result of many demands made upon them, to which the provinces and the federal government do not contribute what I would consider to be a fair share. I believe some provision should be made in this health insurance measure to include nursing home care. I would appreciate it very much if the minister would give assurance that nursing home care will be included within the scope of this measure.

I do not want to make a lengthy speech. I realize there are many others who want to speak on this subject, and for that reason I shall make these remarks very brief indeed. However, I want to express my deep appreciation for the consideration which the department has given certain cases that have come within my knowledge. I sincerely trust the department will continue to give the maximum assurance to the people of Canada that their welfare is going to be taken care of, and that welfare benefits will be increased to meet conditions as they exist at this time.

We are moving quickly into a new era. What was good three or four years ago is no longer good. Some people are apt to condemn the former government for many omissions, but I do not believe such criticism is justified because what they did a few years ago perhaps met the conditions at that time. We are living now in a different time altogether. What we are doing today will not be good enough next year or five or ten years from now. I maintain, therefore, that we should keep these conditions under constant review.

Mr. Stinson: The matter which I should like to discuss for just a few minutes at this stage, Mr. Chairman, is civil defence. I am sure that all of us heard with satisfaction the statement made a few minutes ago by the Prime Minister to the effect that an agreement has been reached between the United States and the United Kingdom to suspend nuclear tests for one year. I know the details of this agreement have not yet been worked out and the precise control arrangements have not yet been completed; but, as the Prime Minister said and as the Leader of the Opposition repeated, this is probably the first significant step which has been made in recent years toward disarmament.

If we are successful in keeping the peace the measures which might be undertaken here to equip ourselves to try to withstand a nuclear war will not be necessary. But so long as the threat of such a catastrophe

hangs over the world it behooves us to take every intelligent step we can to ensure that as far as possible we are protecting our people from the awful consequences of a nuclear attack.

I should like to commend the Minister of National Health and Welfare for the very clear and helpful statement he made when introducing his estimates this afternoon. I should also like to congratulate him not only on the hard work he has put into the affairs of that department over the past year, but also on the excellent manner in which he has described the activities of his department to people in many communities of Canada. In the last day or two I had the opportunity of reading several speeches made by that hon. gentleman to community groups. I believe he is fulfilling in an admirable way the obligation he has to inform the Canadian public as to the important welfare activities of his department.

Just as there is no such thing as an adequate program of military preparedness, as was pointed out earlier by the hon. member for Kenora-Rainy River, so there can be no really adequate program carried out in the field of civil defence. According to the estimates before us some $7 million are proposed to be appropriated for this purpose. On the other hand, some $1,680 million are to be used in equipping this country either to defend itself from attack or to retaliate against a power which may attack this country.

I am not going to suggest that there should be any ratio or relationship between money appropriated for defence purposes and money appropriated for civil defence purposes. Nor am I going to say that in view of this serious menace that confronts the world we should spend huge sums of money to provide shelter facilities and other means of protecting ourselves against the effects of a nuclear war.

What I do say, however, Mr. Chairman, is that this matter of civil defence is a national responsibility. It is the responsibility of the parliament of Canada. I realize that the work to be carried out in this field cannot be carried out exclusively by the national government. Some aspects of it, of course, must be delegated to the provincial authorities and the municipal governments. But what I do say is this. The time has come in this country for us to get down to the serious business of establishing a positive, definite and intelligent policy in this field. I must say that at the moment we have nothing of this kind. I realize that the minister, under whose jurisdiction this matter falls, has been fully occupied with work in other important fields. However, I hope that within a very few weeks' time he can direct his attention and that of the officials of his department in a serious way to this matter.

As I understand it, the duties of the civil defence co-ordinator are threefold. He has the duty first of all to co-ordinate federal planning and action; second, to co-ordinate and advise provincial and municipal authorities; and third to maintain liaison with corresponding agencies in the United Kingdom, the United States and other countries. Those are the broad and general spheres of his authority. Of course they will mean very little so far as the Canadian people are concerned unless something is done to implement them.

It seems to me that very little money is required to do the basic things that must be done in this field, and I think they should be done soon. First of all I think there is required to be set up and well publicized by the national government of this country an adequate warning system. I venture to say, Mr. Chairman, that you could go out into the streets of Ottawa today and talk to the first 100 people you met and ask each of them what kind of warning he would expect to have should there be an attack of Russian jet bombers over this country, and you would not get a very satisfactory answer from anyone. I say this thing can be done rather simply, without the expenditure of a great deal of money, and that it is simply foolish to have different kinds of warning systems coming into being in the different municipalities across the country.

The second thing I think should be done right away in this matter, Mr. Chairman, is that the national authorities should make available to the people advice as to the simple activities they should undertake in the event that there is warning of such an attack. The other day I had the experience of going to the civil defence headquarters of this nation not many hundred yards away from this chamber. I went there at the request of an eminent Toronto architect who desired that I seek information with respect to the construction of a shelter under a private dwelling. I was told that the authorities really had not made up their minds as to what to recommend in this field. After a long time there was finally produced to me a single sheet of paper on which was sketched in very rough form a proposed shelter which had some kind of approval of the government of Canada. But when one sought to find out just what kind of approval this was, the answer was very evasive indeed.

I say, Mr. Chairman, that it is simply disgraceful that at this time a citizen can go

to the civil defence authorities of Canada and be told that they have really no positive recommendations to make with respect to the kind of shelter one might build under his dwelling house so he might have some kind of chance of surviving an attack of the kind I have mentioned.

The other very few proposals I have in this matter, Mr. Chairman, are simple. It seems to me that the national government should undertake, with the assistance of well-qualified traffic engineers, rather extensive studies to work out the method by which people are to be evacuated from large centres of population. I also believe it would not be a costly thing to set up short training schools, of say two or three days' duration, for people who desire to learn the basic things necessary in order to conduct themselves in an intelligent way in their communities should war occur. I think training of this kind could be given at such places as county fairs, the central Canadian exhibition and the Canadian national exhibition. I believe people across the country would enrol in large numbers if they knew that by taking six, eight or ten hours of training they would gain the basic information which they need in order to do the best that could be done under the circumstances for themselves and their families should war break out.

Finally, I think the government should consider making use of the pilots of this country. I know they are prepared to co-operate with the Department of National Defence and the Department of National Health and Welfare by equipping themselves to assist the civilian population if necessary. I also know that in the United States there are some 80,000 civilian airmen enrolled in a voluntary organization, and that much has been done in this field.

Such pilots could be very useful indeed in the locating of areas of serious damage and in transporting medical and food supplies to isolated communities in the event of war. I am confident that if an approach were made to the flying clubs' association and to the Canadian owners' and pilots' association much could be done in this regard without the spending of very much money.

Mr. Deschatelets: I would like to say a few words in connection with three items covered by the estimates of the Department of National Health and Welfare, and I should like to deal first with the hospital insurance plan. I understand that this plan is now in operation in two provinces, namely in Alberta and British Columbia, and that from January 1 next it will operate in the province of Ontario. I also understand that supplementary estimates will be brought forward from time to time in order to cover the cost of the federal share of this plan.

I wish to remind the minister that Canadians as a whole are contributing to the operation of such plan and, speaking now as the representative of a Quebec riding, I would point out to the minister and his government how disturbed and disappointed we are at the prospect of paying for this plan yet not benefiting from it in our own province. We all know that the premier of Quebec must be blamed for the negative stand taken on this issue, but I think the Minister of National Health and Welfare is in the same boat, in view of his lack of imagination and initiative and for not having at least taken one step to induce or invite the authorities of Quebec to join in the plan.

To illustrate my point I wish to refer specifically to page 1432 of *Hansard* for June 19, 1958, where the hon. member for St. Denis asked the Minister of National Health and Welfare the following question:

> —does the minister not think that the premier of Quebec is rather late in trying to take advantage of this wonderful legislation?

The minister replied:

> I do not think it is for me to say what I think. All I can announce is that there has been no indication from the province of Quebec as to what their intentions may be.

The member for St. Denis then asked the following supplementary question:

> There was no letter, no telephone call, no correspondence between the premier of Quebec and the federal government?

To which the minister replied:

> No indication.

Next I would like to refer to page 3861 of *Hansard* for August 21, where I am recorded as having asked the Minister of National Health and Welfare the following question:

> Would the minister tell us if he has received recently an indication from the government of the province of Quebec as to their intention to join in the hospitalization insurance scheme?

The minister replied as follows:

> No, Mr. Speaker.

Whereupon I asked him the following supplementary question:

> Would the minister tell us if he has lately contacted the authorities of the province of Quebec, whether by telephone or telegram to that effect?

To which the minister replied:

> No, Mr. Speaker.

The admission by the minister that he has not even written, phoned or sent a telegram to the Quebec government inviting it to join in this plan is, in my view and in the view of most members on this side of the house, one of the most amazing features of this

session. Does the minister believe that the citizens of the province of Quebec will willingly pay by way of taxes for a plan which is going to benefit all provinces except Quebec? I say now, and I think this is a principle which the minister cannot challenge, that this is a national plan which must operate on a national scale. Here again we can measure the tremendous need for a federal-provincial conference and the failure of this government to call such a conference as promised. This, in my view, is the reason the citizens of the province of Quebec will once again be the object of discrimination on the part of this government.

If the premier of the province of Quebec until now has refused to enter this plan he has a reason, and it is up to the minister to inquire as to that reason and find a formula to suit the exigencies of Mr. Duplessis, whatever they might be. If the minister is too shy to discuss the matter with Mr. Duplessis, why does he not ask the Prime Minister to pinch hit for him? The premier of Quebec and the Prime Minister are two good friends; they share the same views on many problems of the day, and they are using the same approach to many political issues.

We hope something will be done next session. We do hope that we will not have the same negative answers from the minister and that the minister will not deal with this issue as he has done so far. This is one of the first matters into which we are going to inquire at the opening of the next session.

(Translation):

Mr. Chairman, I have something to say about family allowances. The country will always be grateful to the Liberal administration for having introduced them, and everyone will recall that the former leader of the Conservative party, Mr. Drew, had fought against them tooth and nail. However we did introduce them, and they are now on the statute books. Since 1945, various amendments have increased the amounts, and in the budget speech of 1957 the amount was set at $6 per month for children under 10, and $8 per month for children aged 10 to 16.

It is fitting to recall that at that time, in 1957, the Solicitor General (Mr. Balcer) criticized us because he claimed that the family allowances in 1957 did not have the same purchasing power as in 1945. I will, in fact, quote straight from the record. He is reported in *Hansard* of April 1956 (page 2829) as saying:

> From $5 that they were worth in 1949, they have gone down to $3.20; from $6 to $3.84 and from $8 to $5.10. If their rate of devaluation continues, 10 years from now, they will be worth only $2.05, $2.46 and $3.28.

During the last election campaign, the Solicitor General, who was the Conservative party spokesman in the province of Quebec, vehemently held out the promise that there would be an increase in family allowances. Let me now remind him of the promise he made; it has no doubt been forgotten by him, but not by the electorate in the province of Quebec. May I say also that if, as we were told by the Solicitor General, family allowances were to have gone up in 1957, there is all the more reason they should go up now, considering the marked rise in the cost of living since June 1957, as evidenced by the following figures, obtained from the bureau of statistics, relating to basic family necessities:

	June 1957	May 1958
Food:	117.7	122.7
Shelter:	134.8	137.9
Clothing:	108.4	110.0

Mr. Chairman, I have shown what we have done regarding family allowances, and have quoted the promises in regard to family allowances made by the Solicitor General on behalf of the Conservative party—and which remain unfulfilled. I have, furthermore, shown that the very reasons which could have justified an increase in family allowances in 1957 are all the more impelling today. Let the Solicitor General, who was so vocal during the last election campaign, emerge from his silence and tell us of the government's plans in the matter.

(Text):

I should like to know from the Minister of National Health and Welfare, when he comes to reply, what this government intends to do regarding an increase in family allowances, an increase which was promised by the Solicitor General and by the Minister of Mines and Technical Surveys during the last election.

Before ending my remarks I should like to say a few words concerning civil defence. Previous speakers on both sides have touched on this important question and in view of the announcement made by the Prime Minister yesterday that in the case of emergency there would be a plan based on the decentralization of government in this country, and in the light of the present international situation, I think this problem is more acute today than it has ever been in the past.

I remember very well that when the Conservative members were sitting on this side of the house they pressed us strongly for action with regard to civil defence. When we were responsible for the administration we made what we thought was a good start, but I remember that the present Postmaster General was on his feet on several occasions asking the government what they were planning to do for the city of Montreal in case of nuclear war. I do not want to go into detail here, because the hon. member for Kenora-Rainy River has covered the ground pretty well, but I say to the minister that if those contentions were true in 1957 they are even more true today. What we need in a city such as Montreal, which is on an island, is a third bridge in case a quick evacuation should be required. It is my intention to bring this matter up during discussion of the estimates of the Minister of Transport, but I wondered when I was listening to the remarks of some of the previous speakers if we should not put this item of civil defence under the Department of National Defence. Both subjects are close together, and should war break out we would all be in the front line.

Anyway, these are suggestions which I make in very good faith and in no way to embarrass the minister or the government. I hope the minister will be good enough to make a few comments on them when we reach the end of his estimates.

Mr. Small: Mr. Chairman, when the debate began this morning I was more or less intrigued with the remarks of the hon. member for Timmins, likewise with those of the hon. member for Richelieu-Vercheres and the other contributions which have been made, since these followed the same technique and pattern as was followed after we returned in 1957.

In June, 1957, the C.C.F. line of approach was that we had not done it soon enough, and the opposition at that time, the Liberals, said that we did not go far enough. The hon. member for Timmins spent considerable time this morning in repeating excerpts from speeches that were made by the Prime Minister and members of the cabinet and other hon. members of the government when they were in opposition. I would say that there is no intention to retract or retrace our steps from that particular time when we were advocating that certain things should take place.

I am speaking, now, with regard to the hospitalization bill which had been brought in by the previous minister of national health and welfare. We did, undoubtedly, advocate that certain advances should take place with regard to that particular policy, but when you start to make a resume of what has taken place prior to that you find that the policy of the Liberal party had been such that they had promised the people of Canada from 1919 onward that they were going to introduce a hospital scheme for this country, and election after election they had dished it up to the people that this was going to take place. But the promise was never fulfilled, and even with respect to the program they turned out for the 1919 election it turned out it was only a program formed on the basis of political expediency.

What had really taken place, of course, was that the people of Canada and particularly the people of the province of Ontario had become so fed up with the diet of empty excuses that had been dished out to them for years by the previous Liberal administration that they took the matter in hand. The people were faced with mounting bills for hospitalization. This imposed a heavy burden on them which they simply could not meet. The hospitals in the province of Ontario took it upon themselves to initiate a program under which the people of that province could prepay hospital bills. The idea was welcomed by the people of the province and over 49 per cent of the population subscribed to one program or another through which they could prepay hospital bills. The concept grew in popularity until a need was created for additional hospitals in the province. The demand for additional hospitals and the number of people seeking treatment reached such gigantic proportions that the province decided to take the situation in hand and do something about it. The situation was studied for two of three years and the province come up with a program which it was planned to have inaugurated in that province. They were required to do this on account of the dilatory and lackadaisical attitude on the part of the government of Mackenzie King and Mr. St. Laurent in approaching the problem.

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

Mr. Small: Certainly.

Mr. Habel: Would the hon. gentleman care to remind the committee that in 1951 the Ontario provincial Liberal party included in its platform a scheme for hospital insurance and Premier Frost fought the issue and was violently opposed to it at that time.

Mr. Small: That does not alter the fact that such a scheme was included in the platform of your party in 1919 and still nothing had been done about it as late as 1953.

Mr. Habel: Why do we not have it in the province of Ontario?

Mr. Small: That has nothing to do with the policy followed by the previous Liberal administration and the constructive measures that have been introduced by the present government.

Mr. Pickersgill: This government has done nothing.

Mr. Small: May I remind hon. gentlemen that the only reason the previous Liberal administration brought this matter before the house when it did was because the premier of Ontario was going to inaugurate a hospitalization program of his own. To save your necks and in order to save face, you brought this scheme in yourselves.

Mr. Habel: Why was Premier Frost opposed to it in 1951?

Mr. Small: The fact is that it has been brought in and this action sent you scrambling in an effort to introduce a scheme which the people had been demanding for years.

Mr. Benidickson: We have not got it yet in this province. When did you bring it in?

Mr. Pickersgill: We have one in Newfoundland but not in Ontario.

Mr. Small: This was brought in because of conditions in the province of Ontario. It does not matter who brought it in. The people of Ontario determined the situation because so many of them had subscribed to Blue Cross and the Ontario hospitalization and physicians' program that it created a need for the construction of additional hospitals. The time came when it could be avoided no longer. The premier of Ontario announced that he would introduce a hospitalization scheme of his own. The previous Liberal administration had to act smartly in order to bring in a scheme to counteract it. Those are the circumstances surrounding the introduction of the hospitalization bill by the previous government.

Hon. gentlemen opposite are now saying that this government has not gone far enough or fast enough. The Minister of National Health and Welfare is to be complimented on the fact that he has undertaken to put this scheme into effect. It is quite true that we have not included tuberculosis sanatoria, hospitals for the mentally ill nor have we provided for depreciation of hospitals, but a great step forward has been taken. And let me tell hon. gentlemen opposite that the Diefenbaker government inaugurated the things promised by the Prime Minister. We have not yet gone all the way but we are making progress. The Prime Minister has inaugurated many of the measures he promised to institute and has succeeded in instilling in the minds and hearts of the Canadian people a full measure of confidence in him and his government. The Canadian people feel that in their Prime Minister they have a man who is worthy of their confidence and who will do something for them. They know he will fulfil promise after promise and unlike his predecessors in office of the Liberal party he will not hold out empty promises. He has already made a splendid start toward implementing many of the programs to which he referred during the election campaign.

But hon. gentlemen opposite have tried to frustrate him. They opposed and balked him at every turn from October 1957 to January 1, 1958, until he said, "Let us go to the people and we shall see who they want". And so he went to the country and the people made their choice on March 31. The Prime Minister won their full confidence again. My hon. friends opposite say the Canadian people have no confidence or faith in the Prime Minister. He went to the people on March 31 this year and the people gave him their answer. He was returned with the largest majority there has ever been in this house.

Mr. Habel: And the people are paying for it now.

Mr. Small: And the people are fully satisfied with the performance of this government.

The Deputy Chairman: Order. I must remind the hon. member for Danforth not to launch into an election speech. We are considering the estimates of the Department of National Health and Welfare for 1958-59.

Mr. Herridge: Not political warfare.

Mr. Small: I shall accept your ruling, Mr. Chairman, but I was merely following the line of argument advanced this morning by the hon. member for Richelieu-Vercheres in which he made the statement that the people of this country did not believe in the program being offered by the Minister of National Health and Welfare. He dealt with the question of old age pensions in his remarks and said we have gone too far, that the previous government had considered it unsound to increase pensions following an examination of the financial basis of the question. Like my good friend the hon. member for Cochrane did a moment ago in trying to distract me from the line of argument I was presenting, the hon. member for Richelieu-Vercheres sought to obscure the issue and brought up the question of family allowances and said we had not done enough in that respect. But in the 1953 election we remember that the

Liberals said our senior citizens had not been too well looked after but after four years the Liberal government failed to take action and still had done nothing for them. The situation pyramided because of the increased cost of living to the point where the people could stand it no longer.

The present government listened to the pleas of the people and gave them the increase they deserved and required. The previous administration offered them an insultingly paltry amount that did not begin to meet their needs. This government gave the people what they wanted with regard to old age pensions and that is why the present government is in office. The hon. member for Jasper-Edson commented on the fluctuating policy of the Liberals. The hon. member for Richelieu-Vercheres said they were following the right course. Yes, they followed the right course; the course that was the perfect one to result in their being relegated to sit on that side of the house. They are sitting where they are now because of the course they followed.

The present government increased old age pensions to an extent that enabled recipients of old age pensions to live in dignity. The Prime Minister promised that the pension would be increased from time to time as the requirement arose. Hon. gentlemen opposite can argue from now until doomsday about whether or not the people of Canada are satisfied with the performance of this government but they will be wasting their time because the Canadian people have absolute confidence in their Prime Minister and his government. The previous administration was so convinced of its own infallibility that it felt it was permanently entrenched on the government benches and could impose any policy it cared to on the Canadian people. That government failed to give the people what they wanted with respect to health and welfare.

The Deputy Chairman: Order. I must remind the hon. member again that this is not an election speech and I ask him to return to the subject of national health and welfare.

Mr. Pickersgill: Save it up for three or four years.

Mr. Small: Very well, Mr. Chairman. I believe I have covered the ground sufficiently in order to prove to the hon. member for Richelieu-Vercheres and the hon. member for Cochrane that the program inaugurated by this government perfectly satisfies the Canadian people. I must admit I really had no intention of speaking at this time but their remarks got me so worked up that I felt I had to rise and put them in their place.

I am perfectly satisfied with what has been done by the Minister of National Health and Welfare and I am convinced he will do the right thing for the people in this country with respect to hospitalization and the other things hon. members are worrying about. I would tell them that they can trust to the honesty, fidelity and political sincerity of the Prime Minister of this country to ensure that the people will get what they require and everything they were promised. All promises will be lived up to.

I have taken a great personal interest in the question of civil defence to which reference was made by the hon. member for York Centre. In this field too the blame can be laid on the doorstep of the previous government which failed to take action. We now have a government that has taken the matter in hand. An investigation is being conducted concerning whether civil defence should be under civil authority or under the militia. What will be the result? You will find that it will be the same course and the same procedure that has been followed ever since the present Prime Minister took office, who will decide on the right policy for the people at the right time and give it to them as they want it.

Mr. Bourque: Mr. Chairman, I would like to tell the minister that anything I may say today will not be directed at him personally. It is something I have to say, and I hope he will understand because if I had a wish to make it is that he remain the Minister of National Health and Welfare for the duration of the time of this government. Of course, after that it will be his affair to get elected, but if he gets elected I hope he will sit on this side of the house.

On May 20 of this year I made a speech in this house calling the attention of the Minister of National Health and Welfare to the serious inroads the drug habit was making on the youth of Canada. I also stated, based on police evidence submitted to me, the rapid spread noted in the use of goofballs, the first step to drug addiction among teenagers. Based on facts, as I have said, I asked in this house that the drugs in goofballs be placed under the narcotics act so as to facilitate the arrest and conviction of the drug pushers in order that our youth may be protected against the drug evil.

Following my speech in this house, a certain gentleman by the name of H. R. Hart, an official of the Department of National Health and Welfare, evidently gave an interview to

a reporter of the Montreal *Star*, which interview appeared in that newspaper under date of Saturday, May 24, 1958. In this interview he stated that there was no goofball problem and therefore the statements that I had made in this house were not true. I believe this man Hart is an old employee of the department and, as such, he should have known that it is not proper for a menial employee of the department to give interviews to newspapers, thereby ignoring his minister who is supposed to answer for his department in this house.

Why this employee was so anxious to deny my statements I cannot understand. The facts I have placed on the record so far would seem to more than justify any statements I made and to show that Hart did not know what he was talking about. Hart not only denied what I had said in good faith in this house, based on sound facts, but he deliberately slandered a group of professional gentlemen without any basis whatever for his accusations. I would say that he is a very unreliable official, and he is also a dangerous man; for although he has deliberately slandered an outstanding group of professional men he has done nothing to repair the damage he did. I refer to the druggists of Outremont.

I hold in my hand, Mr. Chairman, a copy of the July, 1958, issue of "Prevention", the official organ in the province of Quebec of the Quebec police and fire chiefs' association. On page 58 of this issue appears the following article in French concerning what "Prevention" called: "Un Mal Social", meaning in English "a social evil". In other words, they consider goofballs a social evil. I am sorry this is in French. There is no English version therefore I will have to read it in French.

(Translation):

CURSE OF DRUG SUBSTITUTES HANGS OVER OUR TEENAGERS

In an attempt to ward off a social evil which is preying on the adolescents of the province of Quebec, the federal Department of National Health and Welfare is calling upon all druggists to put an end to the sale of drug substitutes.

Last week-end alone, the R.C.M.P. received more than twenty complaints concerning adolescents who had taken those tranquillizers or barbiturates popularly known as "goofballs".

Similar representations have been received from people in several parts of the province, including several quarters in the Montreal area. Some of the representations have been made by parents who are concerned over the present conditions and the possible fate of their children if they become goofball addicts. Representations have also been made by various police departments.

It has been established beyond doubt that youngsters are getting into the habit of taking goofballs in such youth centres as colleges, high schools, recreation rooms and dance halls.

SOCIAL EVIL

An official spokesman of the Social Welfare Court told us: "This evil seems to be taking on increasingly alarming proportions. It seems to have started among our adolescents three years ago, along with the advent of 'leatherjackets' ".

With an eye on this social evil which plagues the physical and moral health of youngsters, the federal Minister of National Health and Welfare instituted judicial proceedings several weeks ago against 25 Montreal druggists who sold tranquillizers to adolescents without prescriptions. Similar proceedings were instituted against druggists in Quebec, Shawinigan, Grand-Mère, Three Rivers, Valleyfield and other parts of the province. All defendants were found guilty and sentenced to pay a fine.

The authorities take the most serious view of goofball addiction, because, with the black market in drugs at its lowest level for some years past, addicts can take goofballs as a substitute for drugs.

AT ST. VINCENT DE PAUL

Only a few days ago, two guards at St. Vincent de Paul penitentiary were dismissed for having brought in goofballs for prisoners.

An inquiry was recently held in Bordeaux prison, where goofballs had been brought in at the time of arrival of two prisoners charged with hold-up. One of the men had been arrested by the detectives of the Hold-Up Squad of the Montreal Police Department, and at the time of his arrest, Detective Captain Joseph Bedard noted that the two accused "were in a total drug stupor when they were taken into custody—and were just about to rob a bank".

TWO HUNDRED AND FIFTY PER CENT

We are informed by the authorities that, in some areas, the number of teenagers using goofballs has gone up from 40 per cent to 250 per cent in three years.

Inspector Ovila Pelletier, chief of the Youth Welfare squad of the Montreal police, informed us that the matter is the most serious problem he has to cope with at this time. As an example he stated that last week-end a 20-year old girl was taken to Misericordia Hospital in a very critical condition after taking an overdose of goofballs at a teenage party.

The judicial proceedings taken against some druggists by the federal Minister of National Health and Welfare have brought praise from several social groups, authorities of the Social Welfare Court, young people's associations and other groups, in view of the very serious view they take of the problem.

A SCOURGE

Mr. Joseph Portius, special prosecutor in the matter for the federal Department of National Health and Welfare, stated: "We are finding it very difficult to apply the law, and if druggists do not observe the law more closely, a scourge will soon be upon us".

Mr. Joseph Saint-Onge, of the Department of National Health and Welfare, informs us that the government and the College of Pharmacy have advised all druggists of the problem, and reminded them that it is illegal to sell goofballs without a doctor's prescription.

Offenders can be fined from $500 to $5,000, and be sentenced to a prison term of three to six months.

Habitual use of goofballs by youngsters seeking new thrills can seriously harm their health, upset their nervous and digestive systems, and can even result in death.

Like narcotics, these capsules, which cost only three to six cents on the open market, fetch a much higher price on the black market.

Thus some of the drug pushers sell them at a dollar a piece.

(Text):

As I said previously, Mr. Chairman, I have just quoted from the official organ of the Quebec police and fire chiefs' association.

I have previously placed on the record a news item published in *Time*, the Canadian edition of March 31, 1958, entitled "Nova Scotia Goofball Crackdown". It is stated therein that a young school boy, 14 years of age, had died after absorbing goofballs. I also placed on the record another article published in the Montreal *Star* of March 25, 1958, under the heading "Goofballs Smuggled into Prison". On this occasion a serious mutiny occurred in the jail as a result of goofballs, causing serious and costly damage. I believe I have established that if Chief H. R. Hart of the inspection services of the Department of National Health and Welfare does not know a goofball problem exists, then it is high time he woke up. We are experiencing here a modern version of Rome burning while Nero fiddles. We have a most serious goofball problem in Canada and yet he, the chief, does not know it exists. The Montreal *Star* stated as follows in its edition of Saturday, May 24, 1958:

Mr. Hart conceded that there have been prosecutions of pharmacists in Outremont for illegal sales of medicinals which can only be sold on prescription, and that $100 fines were imposed, in spite of requests from the federal Department of National Health and Welfare for stiffer penalties.

This, Mr. Chairman, I absolutely deny. It is an outright lie and an unwarranted slander on the druggists of Outremont. As mayor of the city of Outremont, I am proud to be able to state in this house that never, and I repeat "never", has a druggist of the city of Outremont been arrested, brought to court or condemned for having infringed the drug act in any way. Outremont possesses the finest group of ethical druggists on the North American continent. Whatever Hart said about the Outremont druggists was, as I stated previously, an absolute lie. He deliberately slandered these professional gentlemen, and I should like to know what the minister intends to do about repairing the unwarranted damage that has been done to the reputation of these outstanding ethical druggists by the irresponsible official that Hart is.

Mr. Herridge: Owing to my position in the house over a period of 13 years, Mr. Chairman, when the estimates of this department were under consideration I used to face certain esteemed senior officials of the department. I must express my pleasure at having the opportunity, for the first time, to gaze upon the more attractive features of this department.

I want to again briefly urge the government to consider the early establishment of a complete national health insurance plan. I am not going to repeat the arguments made by previous speakers in this group today and on previous occasions. I just want to emphasize my interest in this matter and the interest of a large number of Canadians. In that connection, before passing on, I want to quote from today's *Gazette* in which there appears a little article entitled, "N.H.S. A Way of Life".

London, July 11—

Critics of the cradle-to-the-grave health service claim that far from being "free", it is costing plenty in taxes.

But surveys show that the man-in-the-street is solidly behind the plan.

"I'd rather pay as I go than run the risk of going broke over medical fees," is the typical reaction.

The national health service covers anything from psychiatric treatment to nose-straightening if it is recommended by a doctor.

The criterion is not "what can this patient afford?" but "what would be best for him?"

It is in that respect I want to emphasize my attitude towards this very important question. I do hope that in an early session of parliament we will see some response from the government to this demand for a complete national health insurance scheme.

Before proceeding, I also want to express my support for the representations made by this group and other members who have spoken today for further consideration of the needs of persons who have not reached 70 years of age to qualify for old age security as a matter of right. We have a long way to go in that direction. We have made some advances in recent years. A wealthy country like this can do better than it is doing at the moment to meet the needs and requirements of a large section of the elderly population. I refer to women from 60 to 70 and men from 65 to 70, who are not cared for properly under the present circumstances.

Having said that, and before proceeding, I do want to take this opportunity to express my appreciation of the importance of this department and the excellent work being done by the staff in Ottawa and throughout the country. I have had the opportunity of talking to civil servants and other senior persons from Great Britain who are interested in problems of national health and welfare

I hear nothing but admiration expressed for the officials of this department. I think we in Canada, generally speaking, have a right to be proud of our civil servants and I say that without any hesitation. I say it as a result of some 13 years experience in this house, which experience provided me with an opportunity to meet a good number of these people.

Having said that, I must say I was pondering this morning how, in order not to be repetitious as accused by the *Globe and Mail* or unnecessarily taking up the time of the house, I could do the greatest good for the greatest number in the shortest possible time during this debate. I have come to the conclusion that possibly I could do most in the few minutes I wish to take by saying that a good many people in Canada, I judge from the inquiries I have received, want to know the truth about royal queen bee jelly.

I find that this royal queen bee jelly is advertised in numerous periodicals across Canada and the United States. I have seen advertisements recommending it as a cosmetic. In fact, I met a lady today who uses it frequently and who says it is very good in that respect. I have met others who do not believe in it. I have seen it advertised as a skin food. I have seen it advertised as an antiseptic for open wounds. I have seen it advertised as a rejuvenator for old people. I find here in the Ottawa *Citizen* of August 20, 1958 the following:

Queen bee royal jelly capsules and royal jelly creme for wrinkles, loose and rough skin,—

That would not apply to me.

—now available Thuna Herbalist, 397 Bank, CE-2-6388.

The same advertisement is repeated in the *Journal*. Strangely enough, while I have made a search of the papers I can only find this type of advertisement with respect to royal jelly in the eastern periodicals and papers. Apparently it is not thought so necessary or required in western Canada. In any event, that has just been the result of my research to date. I have not with me at the present time one of the advertisements but I saw one in a United States paper advertising this royal queen bee jelly as an antiseptic for open wounds. However, I find that it is advertised widely as a rejuvenator for old age. I want to deal with this matter for a moment. This advertisement reads as follows:

Doctors report "Miracle" royal jelly may change your whole life.

I may say that this is a full page advertisement. It continues:

Here is the thrilling story of royal jelly . . . bringing new hope to countless thousands of men and women over 35 . . . by William Duval—

An amazing scientific discovery, just recently made available through the combined efforts of scientists who have, after years of testing in medical laboratories, developed this wonderful substance in combination with eight important and essential vitamins in an easy-to-take capsule form. The powers of royal jelly have been tested over many years. Each year has seen new developments, new proof, as men and women from many countries of the world have begun to feel the amazing benefits of this highly beneficial queen bee's food.

Judging from the amount that is being sold today, there must be a great many queen bees in Canada. The advertisement continues:

(The price of royal jelly was quoted as high as $5.00 per ounce in its initial introduction to the U.S.) Now, thanks to the tireless efforts of research scientists, a way has been found to make this wonder working miracle food of the queen bee available to the public in comparatively inexpensive, easy-to-take, oral capsule form.

Then to quote briefly again—it is a very long advertisement and I am not going to go into all of it—there is a paragraph which reads as follows:

Leading medical authorities in France, England and Germany attest that royal jelly contains vital nutritional factors necessary to the health and well-being of mammals. Royal jelly has been acclaimed as one of the richest natural sources of vigour and vitality.

Discoverer of insulin Dr. Frederick Banting—

This is the part to which I wish to direct attention. I wonder whether these statements are true. I am raising the matter because I want the department to go into it and to let us know the truth on this question.

The most complete scientific report on Royal Jelly was prepared under the direction of Dr. Frederick Banting, the discoverer of insulin, at the Banting Institute in Canada. Royal jelly was found to be rich in proteins and vitamins, with a particularly high concentration of pantothenic acid, the vitamin of the important B-Complex group, that has to do with increasing the life span in animals.

Then there is this statement:

"Texas A & M College has been conducting experiments on royal jelly—"

"Professor G. F. Townsend of Ontario agricultural college is resuming research on royal jelly—"

If I had known that, I would have taken the matter up under the estimates of the Minister of Agriculture as well. I just discovered it. This last paragraph to which I wish to direct attention reads as follows:

Royal Jelly may mean "new life" after 35.

Reports from Europe tell us of an 80 year old gentleman whose physical condition would make a 50 year old envious.

That is what strikes me.

The man regularly partakes of royal jelly. According to a book published in England, when Russian officials sent questionnaires to all the centenarians (people over 100 years old) in the Soviet union, more than half of them turned out to be beekeepers.

If this is true, not only is this matter of great importance to the Department of National Health and Welfare but it would be of great advantage to the Department of Agriculture and to the beekeepers in general. In any event, I am not going to read further from this advertisement, because the further I read the more I find that my years are dropping away like petals from a rose until I imagine I am returning to my budding youth and possibly going back to rompers again.

I bring this matter to the attention of the minister because these advertisements are increasing in number. I find only to a limited extent have the advertisements appeared in western papers or periodicals. This advertisement mentions a small quantity for $5 a bottle, a larger quantity for $10 and a little bit larger quantity for $15 and the full double strength size for $20 a bottle. I know people who are buying bottles of this preparation at $20 a bottle in the belief that it is doing their health a great deal of good. I do not know, nor did the people who have written to me and have inquired, whether or not this is a fraud and whether people are being taken advantage of or whether there is some scientific basis for the claims made in these advertisements that recommend it in some cases as a cosmetic, in other cases as a food for the skin, in other cases as an antiseptic for open wounds and, finally, in the majority of cases as a rejuvenator for older people. I think the public should know the truth.

I mention this matter because the administration of the Food and Drugs Act and the Proprietary or Patent Medicine Act comes under a certain branch of the minister's department. I know that department does excellent work. It is concerned about the purity of drugs. It is concerned about adulteration, about poisons and things of that sort. I therefore presume that the Department of National Health and Welfare has a full knowledge of this royal jelly and possibly has thoroughly investigated it. I have raised the matter in the house, Mr. Chairman, in order that the people of Canada will have the opportunity to know the truth with respect to the advertised advantages of royal queen bee jelly.

Mr. Brassard (Lapointe): Mr. Chairman, at the beginning of my remarks I want to congratulate the Minister of National Health and Welfare on the manner in which he introduced his estimates. It is certainly not an easy task to follow the steps of a predecessor who was in charge of this department for nearly eleven years and who directed its activity with such a high degree of ability, devotion to duty and consideration for public welfare.

[Mr. Bourque.]

The hon. member for Essex East deserves the gratitude of the Canadian people on more than one count. He devoted his great energies as well as his wide knowledge in the field of public welfare to the establishment and improvement of social measures that affect directly all Canadians from sea to sea. I do not wish to imply that everything the Liberal government did was perfect. On the other hand, no one can deny that it was a Liberal government that laid the foundations for our present system of social security. The least we can ask of the present administration, it seems to me, is that they continue to improve upon it.

I do not wish to join the ranks of the prophets but it seems to me that everyone admits today that as we progress in other fields we must at the same time continue to extend our social legislations as our economic conditions warrant.

If the two historic parties of our country refuse to accept that fact I think, and I feel this very strongly, that our influence will be very greatly diminished in the future. Whether we like it or not and whether we share that point of view, there are those in our midst in Canada, as in other countries, who turn their capacities for demagogy to their own profit. The ideas which these people express eventually find their way into the minds of the public and unless they are taken into consideration, at least up to the limit of common sense, we could pay dearly for our refusal to treat them seriously. It is in this spirit that I do not hesitate to say that our Liberal charter for social security must be constantly reviewed to make sure that our social legislation takes into account the current needs of the Canadian people. As is stated in the latest declaration of Liberal policies, "with a basic charter which provides a solid basis for the security of all Canadians, we are now entering upon a new phase of welfare legislation." The social tragedies which still mar our society are difficult cases which cannot completely be eliminated. Nevertheless, we must never cease our efforts to remove these social problems.

For this reason I am very happy that five proivnces have agreed to participate in the national hospital insurance plan. It is, however, most regrettable that the present government decided against affording full protection to Canadians by including medical, dental and surgical expenses. If the government had included these categories it would have prevented many Canadians from suffering owing to the lack of financial means to obtain adequate treatment. I am astonished that the government did not very seriously consider the recommendations and suggestions along those lines which were made by certain

Conservative members when they were on this side of the house. I would like also to express my disappointment that the province of Quebec has not yet indicated an interest in this matter. I raise these points in all sincerity and without political prejudice, because of the many thousands of Canadians in my province who are in such great need of assistance under this legislation. I am told that the authorities in Quebec are at the present time studying a plan which will be suitable for our needs, but time is passing and the citizens of Quebec are already helping through their taxes to pay for health insurance in other provinces, from which they themselves do not benefit.

I am not at all jealous of those who profit from this assistance, but I am anxious to see the money earned in my province to a certain extent benefit the people of Quebec. I am sure that all my fellow members from Quebec will have had the unfortunate experience of finding that many residents of Quebec are unable to secure hospital treatment. Unless a person is exceptionally well off, or exceptionally poor, he cannot afford the luxury of hospital treatment without mortgaging his salary for months and even years to come. This is a tragic situation which must be dealt with.

The province of Quebec should be in a position today to submit its plan to the federal government and to undertake preliminary discussions with a view to ending the uncertainty existing in many cases. I repeat that I am not making these remarks in a political partisan spirit, but simply to assist my fellow citizens of Quebec to use for their own advantage and their own welfare the money which they earn by their daily toil.

I wish to make a few suggestions to the minister concerning other social measures which I feel would be an immense service to thousands of Canadians. I think it is urgent to increase the flexibility of the definition of the words "disabled" and "invalid" when dealing with disabled persons seeking assistance. This should be done from a humanitarian point of view, having in mind that there are people who are unable to work more than a few weeks or months a year and who as a result are not able to earn even their bare subsistence. It is very difficult for them and for their families to understand that the strict application of the Disabled Persons Act prevents them from taking advantage of assistance which they need so greatly and to which, in my opinion, they are entitled. I certainly could not be accused of being in bad company in this respect for the Prime Minister, when he was on this side of the chamber, attacked this problem as recorded in *Hansard* of July 27, 1956 at page 6537 and page 6538:

> This act provides for dominion and provincial contributions; it provides for the payment of an allowance to those who are totally and permanently disabled as prescribed by the regulations. In my experience, this act is being altogether too rigidly administered. The joker in the act is the section that provides that the definition of total and permanent disablement shall be that definition determined by regulations.
>
> The situation today, in whatever cases have come to my attention, indicates that the basis of interpretation excludes many persons who should be qualified and who should receive the allowance.

If the minister makes these necessary changes he will certainly win the gratitude of those whom he would assist by such action and he would also carry out the wish expressed by the Prime Minister himself. It must be admitted that even if a person is capable of moving and able to take nourishment that does not automatically mean that he is able to earn a living.

Our blind persons' legislation should also be amended. First, the qualifying age should be lowered from 18 to 16 years. There is no excuse for not acceding to this request for these persons who are so terribly handicapped. The government stops paying family allowances when a child reaches the age of 16 and between the ages of 16 and 18, for two long years, blind persons find themselves without any assistance. I will go even further —it is not just a question of the period from age 16. The parents of blind persons need assistance from the very moment medical science establishes the blindness of a child. The educational training and care which must be given to a blind child are expensive in most cases, and it is in that difficult period that the parents are in the greatest need of government assistance.

It is true that blindness allowances are paid jointly by the federal and provincial governments, but it does not seem to me that it would be very difficult to agree on changes at a conference on social legislation.

I also suggest that it would be advisable to raise the exemption on earnings of blind persons without, however, entirely eliminating the means test. The government could, for instance, grant to blind persons the same exemption as is granted to single or married persons under the Income Tax Act. I am informed this would increase from 500 to 600 the number of persons qualifying for assistance under this legislation, and that the extra expense to the government would be a little less than $300,000.

I would also like to mention that the Canadian institute for the blind is of the

opinion that we should grant special allowances to blind persons to assist them in meeting the expenses of a guide.

It does not seem to me that these are exorbitant demands, and I believe they deserve the serious and sympathetic consideration of the minister. Once again I cannot be accused of being in bad company in making this request, because the hon. member for Dufferin-Simcoe, when speaking in this chamber on April 18, 1955, as recorded at page 2933 of *Hansard* for that date, is reported as having said the following words in connection with the qualifying age for blind persons:

> I cannot help thinking that the ages between 16 and 20 are ages of uncertainty. They are the time when boys and girls encounter great difficulties, and begin to wonder where they are going and what the future holds for them. Those are the years when their minds are in some state of turmoil. Surely if we can reduce the eligible age from 21 to 18 years we could reduce it to 16 and give those young persons a break, these children whose education is always more difficult and more expensive, these children who many times must travel long distances to get their education, and must be accompanied in their travels.

I offer these suggestions to the minister in the hope that he will give to these requests, which have the support of one of the most distinguished members of the government, careful consideration.

(Translation):

With regard to old age assistance, Mr. Chairman, I wonder whether the minister could consider the possibility of making the benefits available from age 60 to widows and single women. In many cases, widows are not entitled to benefit from or cannot get the needy mothers' allowance, either because they have no children under 16, or because their husbands have left them the family house, and nothing else. The widow is then forced either to sell her house, in order to eat, or keep the house and look for a job. Many of them, however, are unable, for various reasons to take jobs. The only thing the widow can do is to sell her house, board somewhere, and in few years spend what little she has got out of property painfully acquired by her husband, and find herself in abject poverty.

While I am aware that the government has asked that a study be made of the pension scheme in force in the neighbouring republic, I should like to point out to the minister that right here in Canada very many people find it extremely hard to get by between their retirement at 65 and the age when they begin to receive the old age pension, at 70. In the first place, many companies have no pension plan, or persons retiring at 65 have not been employed long enough to be entitled to adequate pension. Since the general practice requires that all employees retire at 65, it is imperative that old age pension be payable from the age of retirement, at 65. The government is perfectly aware of the large number of pathetic cases throughout the country, and it is high time something were done to assist these people. Here again, I cannot be accused of keeping bad company for I am very happy to see that the Minister of Transport (Mr. Hees) is occupying his seat. I shall therefore now quote what the hon. member from Toronto (Broadview), who is today our distinguished Minister of Transport, was saying in this house in 1956, when dealing precisely with this same subject. As I open the official record of July 25, 1956, I see on page 6507 the following passage. I shall of course be unable to read it with the same feeling and eloquence for which our Minister of Transport is well known. This is what he said:

> —another very serious problem is that faced by workers who reach the age of 65 and are retired, and for whom no pension plan has been available to which they could contribute during their working years, and by which they could support themselves and their families when they are retired.
>
> Some firms have pension plans but unfortunately the great majority do not, and when most workers are retired at 65, they have only the savings which they have been able to lay aside during their working years, after meeting the many obligations which families encounter from time to time. Often a lingering illness or serious accident has reduced those savings to a point where there is little left to live on after the breadwinner of the family has retired. I think we all agree it is obvious that some better method must be found for bridging the gap between 65 and 70 years of age, and for bringing our old age pension more into line with the needs of the great majority of the people who receive it.

It is a pity that the genial Minister of Transport has not also been appointed assistant Minister of National Health and Welfare. And this grievance could be applied in several other fields. In the opposition, we used to see the hon. member for Vancouver-Quadra, (Mr. Green), who promised us a merchant navy; but he was appointed Minister of Public Works. The former official critic on financial matters is Minister without Portfolio today. And this is obviously the case of several other ministers.

I wish to conclude, to the great satisfaction of my hon. friends, by adding a few remarks on the unemployment assistance program set

up by an act of parliament given royal assent on July 11, 1956. With the exception of Quebec, all provinces of Canada have now signed agreements with the federal government for participation in this plan. This unemployment assistance plan offers many advantages but there is one in particular which I would like to point out. I refer to assistance which should be given to people who do not or no longer receive unemployment insurance benefits either because they have not worked long enough to qualify under the act, or because they have used up the benefit period.

Considering the very difficult period we are going through, the least that can be said is that it is deplorable that so many unemployed who no longer qualiy for benefits are being deprived of assistance which is granted to thousands of other unemployed in the other provinces.

An even more difficult period is predicted for the coming winter, and I wonder how those who have not found any work before next winter will be able to qualify for unemployment insurance benefits. It is precisely in hard times such as those we are going through that breadwinners really need assistance, and I cannot help repeating that they should not be deprived of an assistance granted to other Canadians and to which citizens of the province of Quebec have contributed by way of taxes. I wonder if the Minister of National Health and Welfare could not take this up with Quebec government authorities and see if it would not be possible to come to an agreement.

Finally, I merely wish to point out the regrettable fact that the government wilfully neglected to raise the amount of family allowances. When we consider that it has raised all other measures of social security, we wonder at the reasons for this regrettable omission.

In conclusion, may I repeat that all that social legislation was instituted under a Liberal government. I know that this program is not perfect but we must nevertheless recognize that the former administration did blaze the trail in the social field and open new vistas in this regard. Between May 14, 1948 when the Rt. Hon. Mr. Mackenzie King first introduced to the country his public health program, and 1957, the federal government paid over to the provinces close to $225,000,000 in national health assistance. Quebec received somewhat better than 68 millions of this amount. True, there has never been a great deal of noisy publicity in our province in this respect. I felt however that I should bring that fact to the attention of my hon. colleagues. I might add, quite objectively, that Quebec has made good use of those millions, and that we have made great strides in this field. There has been an enormous amount of work done in the field of public health in this country, though a great deal yet remains to be done.

In this regard the government must remain forever watchful since the issue is that of human resources, the most important of all resources in this country. Mr. Mackenzie King, who pioneered this system in Canada, understood the issue fully. He stated, as recorded in *Hansard* on May 14, 1948, as he introduced this new plan to the house:

> But of all the nation's resources, its human resources are unquestionably the most precious. The preservation in health and strength of its population is surely the best of all guarantees of the nation's power, of its progress and of its prosperity. Our greatest national asset is the health and well-being of our people.

The Liberal government has shown the way. This is a challenge to the Conservative government, at least for so long as it can maintain itself in power—

Mr. Martineau: That will be at least 50 years.

Mr. Brassard (Lapointe): It must widen the trail which has been broken. I am sure that nothing less is expected from the new administration both by the Liberal party and the Canadian people.

(Text):

Mr. Bissonnette: Mr. Chairman, I rise on a very important problem for my constituency. Recently we have been told that the hospital of immigration, property of the federal government situated in my riding, is going to be closed.

I have lately received a resolution from the Quebec regional council of the Canadian federation of civil employees and also a telegram from the Quebec board of trade concerning this event. I take the liberty of reading a few of the numerous items of this resolution that will permit me to shorten my remarks:

> Whereas immigration hospital, 300 Boulevard Hamel, Quebec West, P.Q., is the only federal institution within the limits of Quebec West constituency,
>
> Whereas immigration hospital is still today as well as during the last years in a position to

accept for general or specialized treatments some two hundred and twenty-five patients,

Whereas immigration hospital can supply the most up to date and medically advanced treatments,

Whereas the closing of immigration hospital cannot but bring disastrous effects, morally, economically, as well as socially, directly and immediately on the local and regional area and indirectly at the national level,

Whereas the closing of immigration hospital would deprive some one hundred and fifty actual employees of their jobs,

Whereas the salary paid to these one hundred and fifty employees represents the interesting sum of some four hundred and fifty thousand dollars a year,

Whereas the closing of immigration hospital would deprive our local merchants not only of the purchasing power represented by these employees but also the local purchases made by the hospital administration for the needs of the hospital itself,

Whereas these local purchases would mean to our local merchants a loss of business equal to some one hundred and fifty thousand dollars a year,

Whereas the closing of immigration hospital would mean a total loss of some seven hundred thousand dollars a year to the local and regional business trade,

Whereas the closing of immigration hospital in Quebec West is not and cannot in any way be submitted and/or considered neither actually nor in any event as a logical and recommendable means to check the all-over Canada growing unemployment.

Be it resolved that:

To provide the best possible service to the welfare of Indians and Eskimos,

To maintain to the highest level of efficiency experienced services already existing and devoted to these patients of a different and special type, and this at nominal cost,

To maintain to some one hundred and fifty employees the security of a guaranteed job,

To maintain for the local industry and trade the income meant by some seven hundred thousand dollars a year,

Earnest entreaties be submitted to the minister so that:

Immigration hospital in Quebec West, P.Q., not only avoid closing but be guaranteed permanently its existence as the hospitalization and treatment center for eastern Canada Indians and Eskimos.

I inquired, Mr. Chairman, about the reasons to justify the closing of this hospital. The main reason given is the lack of patients among immigrants and Indians. I was advised that the number of patients would not be sufficient to justify the maintenance of this hospital. I want to agree with the reasons given but here I would like to ask the Minister of National Health and Welfare to delay his decision and allow me to offer a few considerations and suggestions with a view to helping the settlement of this problem to the satisfaction of every one and keeping our hospital open.

The Quebec hospital of immigration is situated in my constituency the population of which comprises 85 per cent labourers and where the unemployment problem is an important one. Consequently this period of unemployment would not be a favourable time at which to execute such a decision. It would represent a loss in salaries and in all kinds of other benefits to the estimated total value of $700,000 a year. Therefore I urge the minister to take that important economical point of view into consideration.

Let me then offer the minister a few suggestions with the desire of helping him give to my constituency a favourable answer or at least to delay reaching a final decision. I suggest that the hospital of immigration could be used for the centralized treatment of all sick immigrants entering Canada through eastern harbours and of all the Indians of the numerous reserves in our eastern provinces. In doing so the minister could not consider closing the hospital but rather would have to consider enlarging it. I hope this suggestion will be taken into serious consideration but if it is impossible of realization allow me to offer the minister a further suggestion.

In Quebec city, according to a recent investigation, we require at least 1,200 additional hospital beds to satisfy our needs. The problem is particularly serious for our general practitioners and family doctors who can scarcely find beds for their patients in the general hospitals where the number of beds is insufficient for the medical staff of specialized doctors. Consequently, our family doctors often cannot be admitted to attend their patients in our hospitals and may be rather considered as ambulance drivers.

Mr. Chairman, our general practitioners, our family doctors, must still be considered the pillars of the medical profession, those who are always ready to render service day and night, seven days a week, and we should assist and encourage them to continue in the highly important medico-social role they play among our people. In the light of the present trend there is a great danger of seeing them disappear to follow their colleagues into specialized fields. The cost of medical treatment is prohibitive today because of over-specialization. Consequently I suggest to the minister that he keep open the Quebec hospital of immigration and put its unoccupied beds at the disposal of labouring peoples to facilitate their treatment by family doctors in this area.

I take pleasure in mentioning the sympathetic feelings of the premier of the province of Quebec toward family doctors and I dare to say that an agreement should be possible with our provincial government in that direction.

I am very happy to offer the Minister of National Health and Welfare my contribution as a general practitioner and a member of the government party to bring about such an

agreement. In this connection we see on the one hand a lack of patients when compared with the great number of beds available and, on the other hand, there is a lack of hospital beds in comparison with the number of our patients. One should meet the other on the same ground. Is this not a peculiar position to be in when we are trying to take the first step to arrive at an agreement between the federal and Quebec provincial governments in regard to the problem of hospital insurance? We know that the realization of that goal depends upon hospital beds and it will be difficult to realize it when there is a lack of hospital beds. Therefore, I ask the Minister of National Health and Welfare to delay his decision to close this hospital and, in the meantime, let us hear a few words of hope and encouragement for the benefit of my constituents, the patients and the family doctors.

I would like to close my remarks by offering another suggestion to the Minister of National Health and Welfare. The difficulty of reaching an agreement with the province of Quebec in so far as a hospitalization plan is concerned is brought about by a lack of hospital beds, as I said a minute ago. The number of hospital beds would be probably sufficient if the beds were occupied by those who need to be hospitalized. Consequently, a patient should not be admitted to a hospital unless the diagnosis is made by a medical practitioner, with the help of the diagnostic service. If we admit all cases then tiresome people will be admitted to the hospitals. According to investigations that have been made almost one-third of our hospital beds are occupied by people who have subscribed to Blue Cross hospital insurance plans or similar plans. The beds are occupied by people who should be treated at home by their family doctors. I suggest that at the next session of parliament we should study the possibility of amending the hospital insurance law to limit hospitalization to people who need to be hospitalized. If there is no control on the admittance of people to hospitals the cost of the hospitalization insurance plan will be fantastic. We will have to build an enormous number of hospitals to accommodate those who would like to be hospitalized for everything and nothing.

To those who are concerned about the position of Quebec in the hospital scheme may I say that I have talked to the premier of our province about the problem of hospitalization insurance under the federal plan. I believe the premier of our province is considering the possibility of Quebec entering into the federal plan. Everybody who knows our province knows that our premier is wise and prudent. As he said, no man can open a grocery store if he has nothing to put on his shelves. Therefore, we will be ready to enter the federal hospitalization insurance plan when we have beds to offer to the patients. At the present time the province of Quebec is following the policy of building hospitals, regional hospitals, in almost all of our constituencies so that very soon the premier will be in a position to enter the federal scheme. I am sure that the plan will cover not only general diseases but mental and tuberculosis diseases as well, also the infirm and the incurable. I hope that when that day comes our friends who are concerned about the intentions of our premier will be satisfied.

An hon. Member: Did you get that at one of his press conferences?

Mr. Carter: Mr. Chairman, I should like to join with my colleague from Lapointe in congratulating the minister on the very clear and lucid presentation which he gave us in introducing his estimates. We know from what the minister said that for the first time the estimates of this department have exceeded the $1 billion mark.

Since it is one minute to five o'clock, Mr. Chairman, will you call it five o'clock.

The Deputy Chairman: It being five o'clock, it is my duty, pursuant to section 3 of standing order 15, to leave the chair in order to allow the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: Order. It being five o'clock, the house will now proceed to the consideration of private and public bills, the former have precedence, pursuant to standing order 15, subsection 3.

PRIVATE BILLS

Mr. Speaker: Since there are a number of private bills standing for consideration in committee of the whole, is it agreed that they be referred for consideration of the committee of the whole in one motion?

Mr. Peters: No.

ADRIENNE MENARD HUOT

The house in committee on Bill No. SD-258, for the relief of Adrienne Menard Huot—Mr. McCleave—Mr. Rea in the chair.

On section 1—*Marriage dissolved.*

Mr. Peters: For the past two days the committee on miscellaneous private bills has heard a number of divorce cases and has learned many disquieting facts.

One of these facts that has had a disquieting effect has been the use of investigators. In my opinion, the evidence disclosed in this particular divorce raises a question as to the credibility of the evidence given by private investigators in general. I should like to ask whether, in this case, private detectives were used in the obtaining of evidence?

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

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. McCleave moved the third reading of the bill.

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

Mr. John B. Hamilton (York West): Before you leave the chair again, Mr. Speaker, I wonder if I might suggest that as the hon. member for Athabasca (Mr. Bigg) has indicated he wishes to speak about a particular bill, if there are any other members who wish to do that we might ascertain their wishes and perhaps shorten proceedings by taking all the others in one group.

Mr. Speaker: To which bill does the hon. member desire to speak?

Mr. Biggs: I should like to speak to No. SD-289.

Mr. Speaker: Are there any other bills that might be reserved from a general consideration?

Mr. McCleave: I should like to ask that Bill No. SD-293 be held out.

Mr. Lambert: I should like to ask that Bill No. SD-304 in this section be held out.

Mr. Drysdale: I should like to ask that Bill No. SD-267 be held out.

Mr. Speaker: If these four bills mentioned are withheld from a general motion, is it the pleasure of the house that the remaining divorce bills standing for consideration in committee of the whole be taken in one motion?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. SD-275, for the relief of Joseph Ovila Maurice Valentyne.—Mr. McCleave.

Bill No. SD-279, for the relief of Gweneth Vera Payne Smith.—Mr. McCleave.

Bill No. SD-281, for the relief of Raymond Leslie Larocque.—Mr. McCleave.

Bill No. SD-285, for the relief of Gordon Kent Lambert.—Mr. McCleave.

Bill No. SD-286, for the relief of Catherine Doris Dooley Bantey.—Mr. McCleave.

Bill No. SD-287, for the relief of Monica Frances Fleice Bottomley.—Mr. McCleave.

Bill No. SD-288, for the relief of Fritz Drechsler.—Mr. McCleave.

Bill No. SD-291, for the relief of Gerald Leonard Pilcher.—Mr. McCleave.

Bill No. SD-292, for the relief of Mary Madeleine Dorothy Butler Meaney.—Mr. McCleave.

Bill No. SD-294, for the relief of Libusa Franic Kotow.—Mr. McCleave.

Bill No. SD-295, for the relief of Sheila Estelle Rosenstone Lane.—Mr. McCleave.

Bill No. SD-296, for the relief of Renald Leroux.—Mr. McCleave.

Bill No. SD-297, for the relief of Pierrette Beauregard Ifould.—Mr. McCleave.

Bill No. SD-298, for the relief of Marion Brooks McConnell Bienvenue.—Mr. McCleave.

Bill No. SD-299, for the relief of Patricia Alleyn Burstall Corrigan.—Mr. McCleave.

Bill No. SD-300, for the relief of Charles Athol Gordon.—Mr. McCleave.

Bill No. SD-301, for the relief of Margaret Canuel Fraser.—Mr. McCleave.

Bill No. SD-302, for the relief of Jean Dick Joslin.—Mr. McCleave.

Bill No. SD-303, for the relief of Halbert James Haldane Kerr.—Mr. McCleave.

Bill No. SD-305, for the relief of Mary Thelma Bourgeois Gaudet.—Mr. McCleave.

Bill No. SD-306, for the relief of Jacques Gerardin.—Mr. McCleave.

Bill No. SD-307, for the relief of Yolande Charron Fiorucci.—Mr. McCleave.

Bill No. SD-308, for the relief of Fernand Larouche.—Mr. McCleave.

Bill No. SD-309, for the relief of Mary Pelly Osborne.—Mr. McCleave.

Bill No. SD-310, for the relief of Leonard Lowrey.—Mr. McCleave.

Bill No. SD-311, for the relief of Josette Lacaille Johnston.—Mr. McCleave.

Bill No. SD-312, for the relief of Iona Gertrude Mary Adcock Dolphin.—Mr. McCleave.

Bill No. SD-313, for the relief of Maurice William Miller.—Mr. McCleave.

Bill No. SD-314, for the relief of Margit Szilagyi Rojzskies.—Mr. McCleave.

Bill No. SD-315, for the relief of Rita Jeanne Landry Benoit.—Mr. McCleave.

Bill No. SD-316, for the relief of Maria Eva Dorothe Deziel Lefebvre.—Mr. McCleave.

Bill No. SD-317, for the relief of Violet Mary Ward Gravel.—Mr. McCleave.

Bill No. SD-318, for the relief of Jean Phyllis Fensom Kell.—Mr. McCleave.

Bill No. SD-319, for the relief of Louise Giguere Boisvert.—Mr. McCleave.

MARTHA RATELLE HOLTKEN

The house in committee on Bill No. SD-267, for the relief of Martha Ratelle Holtken—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Drysdale: In rising to discuss this particular bill, Mr. Chairman, I do not need to emphasize the fact that the problem of divorce in parliament has been a problem for quite a length of time. In this case, I believe, the petitioner was domiciled in Montreal at the time of the marriage, and the respondent was an immigrant from Germany who had just recently come to Canada. In scanning the evidence quickly, some doubt was raised in my mind as to whether or not evidence had been given to establish the domicile of the respondent so, in a sense, the question of our jurisdiction in this particular matter is raised. I say that because apparently the respondent has not taken out Canadian citizenship papers, and so far as I can see no evidence has been adduced before the Senate committee as to his intention of staying in Canada or whether he is planning to return to Germany.

In my opinion, there has not been any evidence to establish whether or not he is actually domiciled in Canada or in Germany. With this particular doubt being raised in my mind, we are faced with the additional difficulty of whether or not parliament should be considering divorce at all in view of its already onerous schedule when we are already sitting every evening and on Saturday all day—

The Deputy Chairman: I must remind the hon. member that he must talk about Bill No. SD-267 and not about the hours of sitting.

Mr. Drysdale: When I was mentioning the hours of sitting, I was doing so in order to highlight the fact that the house has to devote its very valuable time to the discussion of matters of divorce. I feel that the divorce committee, although it is comprised of lawyers who have certain qualifications with regard to this matter, was not in a position to give full consideration to these facts that are before us. I feel that we should again consider this important question of whether or not these bills should be referred at all to parliament because—

The Deputy Chairman: I must tell the hon. member that we are discussing Bill No. SD-267, and we are not discussing the question of this procedure at all. I must ask him to confine his remarks to this bill.

Mr. Drysdale: In discussing Bill No. SD-267, may I say that unfortunately in my mind it brings out the difficulties that I am bringing forward. In Bill No. SD-267 we have the usual situation of the investigators this time going into an apartment building and finding the respondent and the woman named in certain, shall we say, unfortunate circumstances. To my own mind, without referring to this particular bill, there is a certain difficulty as to whether the situation is one that we can believe, in a sense; because to my mind it rather stretches the credulity of the average person living in the world when he considers the number of such situations.

We are faced with a situation in Canada where the divorce laws provide the basis, as in this particular case, of adultery, except in some of the other provinces such as British Columbia and the maritimes where the basis can be rape, sodomy or bestiality. Yet if we were to be honest and go behind the actual idea or the reason for the particular divorce we may find a situation where there is actual cruelty, desertion or some other equally logical sociological reason for a divorce. Yet because of the archaic ideas inflicted by the other provinces on parliament we are placed in the situation that two people desiring to get separated must say: What have we to do in order to get a divorce? The answer of the lawyer is adultery. The second question is: How are we able to get that evidence? The result then is that parliament, although it has complete flexibility as to what it could do in the matter of divorce,—because parliament can do anything—has adopted the basis of adultery. It could just as logically take as the basis perhaps the colour of the petitioner's eyes. In other words, if the petitioner's eyes were blue we could, I suggest, with the evidence placed before us and the opportunity we have to investigate it, grant a divorce just as logically. If parliament is going to adopt adultery as a basis, I would suggest that from the economic point of view I fail to see the necessity for two people who are anxious to get separated, and who are going to get separated regardless of any obstacles, having to do anything to simulate adultery if the basis suggested by parliament is adultery. In all seriousness I suggest that we should have a mimeographed form leaving blank a place for the name of the husband or wife, the age of the couple, when they were married, the marriage certificate and perhaps we

could leave blank the name of the apartment, hotel or motel where the adultery was committed.

The Deputy Chairman: Order. We are not discussing the principle of the bill. We are discussing clause 1 which refers to a marriage between two people which it says is to be hereby dissolved and shall be henceforth null and void to all intents and purposes whatsoever. I realize that there should be a little bit of latitude put I cannot allow the hon. member to discuss the principle of the whole divorce situation on a bill in the committee of the whole. I shall again have to ask him to confine his remarks to clause 1.

Mr. Drysdale: Mr. Chairman, I regret having deviated but I feel extremely strongly about these matters. Although we are dealing with a specific divorce bill, if the names of the parties were taken from the front page, by reading through the evidence I think you could almost fit the particular situation to any other one of the particular divorce bills being presented today. The type of evidence varies a little bit because in this situation we had a really unusual case as to the question of domicile.

The Deputy Chairman: Order. I sympathize with the hon. member's thoughts perhaps, but we must stick to this particular clause in this particular bill. The principle can be discussed on second reading but not in committee of the whole. I do not want to be in the position of having to ask the hon. member to take his seat. However, I am going to ask him once more to try to confine his remarks to this particular bill.

Mr. Drysdale: Perhaps I can get at the matter in this way. If I may, I should like to ask the chairman of the divorce committee, the hon. member for Halifax, whether any attempt was made to establish exactly where the husband's domicile was in this particular case.

Mr. McCleave: Mr. Chairman, the evidence was that the husband was born in Germany, that he came to Canada five years ago, that he applied for Canadian citizenship and that he has lived, during all the time he has been in Canada, in the province of Quebec.

Mr. Drysdale: Is the husband still living in the province of Quebec?

Mr. McCleave: Yes; he is still living in the province of Quebec.

Mr. Drysdale: I thought that in the evidence there was some indication that the wife was not sure exactly as to the whereabouts of the husband and as to whether he intended to return to Germany.

[Mr. Drysdale.]

Mr. McCleave: If the hon. member would point out where in the evidence this point is raised I shall be glad to deal with it.

Mr. Drysdale: I regret, Mr. Chairman, that I was perusing this bill rather quickly and am unable to put my finger on the exact spot. But I wonder whether the chairman could answer, in connection with the matter of the actual problem of adultery, as to what there is in the evidence indicating that there actually was adultery or what corroboration there was on the part of the two detectives to establish this adultery?

Mr. McCleave: Mr. Chairman, this was not a one-night stand by the respondent with some woman, as perhaps had been suggested in the remarks of the hon. member earlier. The evidence is that the couple were separated, that the husband had gone off to live with another woman and that the two investigators in this particular case had gone to the apartment where they were living in Montreal and verified these facts at a late hour in the evening. This is not the hotel or motel case which gives the committee its greatest difficulty. This is simply the case of a couple separating and one of them taking up another partner.

Mr. Drysdale: The only evidence of any adultery was the fact that the two people were in the same building at the same time. They were both clothed at the time, were they not?

Mr. McCleave: Mr. Chairman, the evidence as to the dress of the woman concerned is that she was in bed and was wearing blue and white pyjamas and that the man in question was wearing a kind of dark dressing gown and slippers when he answered the door when the two detectives knocked.

Mr. Drysdale: In your opinion, Mr. Chairman, does the fact that the woman was wearing blue and white pyjamas and that the man was wearing a dark dressing gown constitute adultery?

Mr. McCleave: Mr. Chairman, I have been told about the birds and the bees as have the hon. member and all other hon. members of the house. The principles of law that are followed by the Senate committee and by the committee of the Commons are exactly those principles of law that are used in any court in the provinces where they have divorce jurisdiction or divorce practices. That principle is that when couples are found in a position which indicates that it is more probable that they are committing adultery than that they are not committing adultery, and you infer from the evidence that adultery

has been committed. Then you can make a finding of adultery that will justify the dissolution of the marriage.

Mr. Drysdale: Mr. Chairman, would you not find in this particular situation, as in the majority of divorce cases you are reviewing, that apart from the fact that you are in the divorce committee the factors involved would, shall we say, stretch the credulity of a reasonable man as to the question of adultery? Does the hon. member believe that in the majority of these situations—as in this particular case—adultery was actually committed, or is the evidence of such nature that the committee feels that it is close enough so that they can give the couple a divorce, which of course is the objective? I would suggest that perhaps the question of whether or not they had blue eyes or brown hair would be equally as good from an evidentiary point of view.

Mr. McCleave: I would not think that the question of whether they had blue eyes or brown hair would have any particular bearing on the matter, but before the hon. member got to the latter part of his question he did make what I thought was a good point. That is, if you find a couple together in an apartment, motel or hotel on any occasion, you automatically assume that because one happens to be a man and the other happens to be a woman they are therefore going to commit adultery within the next few hours or have just done so before they were discovered. Then, I suppose, there is a fictional inference which has crept into the law, that if people are found living together over a period of time it may be assumed that they have committed adultery on any one occasion.

Mr. Drysdale: If the matter of the committing of adultery is fictional, then does the committee have discretion? I raised the point a moment ago as an amusing illustration of the ludicrous side of the matter when I spoke of the blue eyes and brown hair aspect but if two people do appear before the divorce committee would it not be useful to find out what is the true reason of their wish for a divorce—

The Deputy Chairman: I am sorry, but I must ask the hon. member to take his seat, because once again he is wandering all over the place.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: On division.

Bill reported on division.

Mr. McCleave moved the third reading of the bill.

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

ROBENA SARAH FLORENCE WORRELL DAY

The house in committee on Bill No. SD-289, for the relief of Robena Sarah Florence Worrell Day—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Bigg: This is the petition of Robena Sarah Florence Worrell Day for a bill of divorce from Warren Day. I did wish to speak on the principles involved, but I will confine my remarks to the evidence which came before the committee.

As has been outlined by other hon. members, the rule of evidence in divorce cases is the civic rule of probability, and I find it hard from reading the evidence in this case to be fully convinced purely on the grounds of probability that there was, in fact, adultery free of the three general requisites in matters of this kind. These requisites are firstly, that the adultery should be free of collusion; secondly, that it should be free of condonement; and, thirdly, that it should be free of connivance. I think we can rule out connivance, because I do not see any evidence or suggestion that these two persons ever got together and agreed to adultery on the part of either one. In view of the fact that the husband did not appear to defend this suit, I am led to believe that there was no connivance, because he would have appeared to try to make the case, shall we say, more binding if connivance had existed.

I think, however, that perhaps there was condonement. These two persons lived together, according to the evidence, for some 14 or 15 years, and although the wife claims the marriage was a happy one, I think the evidence shows clearly that it was not happy after the first four years. It is my opinion that moral lapses do not suddenly occur at the age of 40. If this man was continually drinking, was a night hawk and was running around with other women, I think that would have been evident years before this time. The wife is a nurse and she said that throughout her married life she had worked. It appears to me she was an independent woman and that she in fact never did make a home for this man. I would not say she drove him to drink, but he did drink from

the early days of his marriage, and there is no evidence that she did anything to try to cure him of these habits. When he stayed out late at nights over a period of years, she apparently made no effort to resolve the differences between them.

The husband was a capable tradesman earning a good income, and the wife apparently never questioned him about his income except in so far as she said he drank too much. She kept on working and I would say she probably supported the home. They therefore lived apart in spirit for many years before they decided to dissolve the marriage.

For this reason I think there was probably condonement for a number of years. There is no evidence before the committee as to the moral record of the woman, which is relevant in a case of divorce, because I think it is against the wishes of the people of Canada to grant divorce where, in fact, people are living immoral lives and condoning it.

I say there is no evidence of connivance, or open connivance, but it does seem strange to me that after these years of married life action should suddenly be taken. They have a daughter 17 years of age who, incidentally, is herself married at that early age, which suggests lack of parental care. After 18 or 19 years of married life they have agreed to disagree.

They were married in New Brunswick and I would not contest the domicile in Quebec, for they have certainly lived in Quebec over a period of years, but here again the evidence is merely negative. I do not challenge the jurisdiction of the courts to try this case, because I understand that a federal statute being involved, it has been the practice to allow the Senate regardless of domicile to hear divorce cases. This is a question, of course, which would have to be decided on constitutional grounds, and perhaps some day we may have a case—and I think we should have—to clear up this problem, because, as all hon. members will realize, a divorce obtained in this manner leads to many domestic problems.

If these two people, having their divorce, were to argue about the future care of the children and the question of their support, this could not be decided in the federal courts. It has to go to the provinces but which province they should go to is a moot question. The fact that they had their divorce as residents of Quebec does not mean to say the Quebec court can necessarily solve those difficulties.

As to collusion—the intentional misleading of the court—I do not think there is evidence here to show that either of these parties intended to mislead the court by the evidence produced, but my objection to this particular case is that the evidence is very scanty, and we appear to be granting a divorce on the very minimum of evidence. I should like to have had some evidence on the living habits, the drinking habits and the moral habits of both these parties. It is difficult to argue about the right of granting these divorces unless we discuss principles, but I should like to suggest that we should be very careful about granting divorces on such slim grounds. The evidence in this case covers only some five pages, and here we are taking it upon ourselves to dissolve the most serious contract a man or a woman can enter into—that of marriage. And though it may seem a waste of the time of the committee or of the Senate or of this house, this is a very serious matter indeed to dissolve a marriage which was entered into, I trust, with all the hope and faith required to make a marriage good. I, for one, were I sitting on a bench, if this matter had been brought before me in a provincial court would, I am sure, have wished to have had more evidence on the grounds I have mentioned before I put my name to the dissolving of this contract.

Again, about condonement I should like to say that I think a woman can condone the adultery of her husband as well by keeping quiet as by giving consent. If she knows that her husband is running around with other women I think it is her duty as a wife and mother to complain on the first occasion she finds this going on. There is no need to wait until 2.30 in the morning before making some inquiries about her husband's habits. I do not think a woman could live with a man for 14 years and not know whether he was committing adultery or not. I do not know that refusing to make a man's home as pleasant as possible can be called condonement, but it is certainly driving a man to seek happiness elsewhere.

As to the evidence whether or not the respondent and the lady concerned actually committed adultery, again I am not convinced. When the private detectives came to the suite the lights were out at 11.30. They knocked on the door and they declared themselves. The husband came to the door. It was true he was barefooted, but that is not any evidence and I should like to suggest—and I think hon. members will agree with me—that the fact that he came to the door after the men rapped and said they were private detectives, and that he was caught in this compromising position, is not without significance because unless he wanted a divorce he would, I think, have got properly dressed. He had no need to come to the door and answer the call of a private detective unless he knew that by opening

that door he would give his wife, for whom he probably had little regard for by then, the usual evidence necessary. So far as he was concerned he was providing the courts with the evidence with the least possible delay or trouble. I cannot believe anything else. I also doubt very much whether the lady in question was in fact there to commit adultery. There is no evidence at all that her dress was removed. She held the bed clothes up to her chin, I suggest, quite possibly to hide the fact that she was still properly dressed just as much as to indicate that she was improperly dressed. She knew that the detectives were coming in, and any young woman who would allow herself to be put into this compromising position need have no great modesty.

A man with the experience I have had in law enforcement knows that when you go into a brothel the young ladies are not at all modest. They are, in fact, generally proud of their profession. I cannot believe, from the limited evidence I have seen in this case, that there was in fact adultery, although I will say that there was certainly every opportunity for adultery. If there was anything to be gained by this man getting rid of a wife whom he had long since ceased to regard, I myself would believe that adultery had probably been committed. But the doubt arises from the fact that both the husband and the wife were anxious to be clear of each other, and this suggests to me that they either condoned adultery or that they were, in fact, behind the scenes in collusion.

The Senate committee has had a great deal of experience in these matters and they are up against a serious problem. I would not ask to have this divorce bill held up because I realize that the committee was not in this case breaking up a marriage in a true sense; we are merely allowing two people to separate legally where no real marriage has ever existed. Therefore, I would not ask to have this bill held up. I would ask, however, that we should take the greatest of care in seeing that we have the fullest evidence possible on every occasion.

The Deputy Chairman: Shall clause 1 carry?

Mr. McCleave: Not yet. I am sorry to see facts brought out in this way, because this is the type of discussion which could more profitably go on in committee behind closed doors so that we do not hurt people, particularly the children involved. But several points have been raised by the hon. member and they are going to be dealt with.

First, the question of domicile. Domicile in the province of Quebec was clearly established for 16 years.

Secondly, the support of the children: the husband is paying $40 a month in respect of the child.

Thirdly, the question of the garb of the people found in the suite by the detectives. There was evidence of their underclothing being found under the bed.

I may add that the question of the home conditions and the husband's habits are clearly set forth in the evidence at the bottom of page 10 and the top of page 11.

Then, as to the matter of collusion or condonation, the fact is that the wife has signed and sworn to a petition presented to parliament which makes serious allegations, and the husband has not seen fit to come before the committee of the other place, or before the committee of this house to deny those allegations, and that is something which must properly be taken into account.

Mr. Campbell (Stormont): Mr. Chairman, I hesitate to disagree with anything said by the hon. member for Athabasca because of his experience in the fields of investigation and police work. But I believe he is requiring a standard of proof that is quite unwarranted. The circumstances in this particular case were certainly incriminating although not conclusive. We never find positive evidence in a divorce case. People do not engage in these questionable activities in public and they take due precautions to see that they do have some privacy. All we can hope for is some evidence from which we can draw a reasonable conclusion that adultery did in fact take place. I suggest there is more than sufficient evidence in this case to warrant that conclusion. I turn to the report of the committee of the other place. At page 14 I should like to read from the interrogation by Mr. Jacobs of the investigator, Mr. Brault:

> Q. I show you a photograph which has been filed as exhibit 2, can you identify the person?
>
> A. Mr. Warren Day.
>
> Q. Were you with Mr. Etheridge, on January 9, 1958, when you saw this person you have identified?

Incidentally, Mr. Etheridge was the accompanying investigator. I continue:

> A. Yes, I was on surveillance on January 9, 1958 at five o'clock with Mr. Etheridge in the vicinity of 1863 Dorchester west. At 6.15 Warren Day arrived in his car with a woman and parked his car at St. Mark street, and the woman was wearing a muskrat brown coat with kerchief, and he was wearing a brown coat and brown hat.

Warren Day is the respondent in the case. I continue:

> They went to 1863 Dorchester in apartment 11. At 7.45 Mr. Etheridge and I left the place to go on some other work, and we came back at 11.30. The car stood at the door, and the light was off, and we parked, and Mr. Etheridge and I went up, and Mr. Etheridge knocked on the door, and Mr. Warren Day opened the door, wearing gray pants

only and a shirt, sport shirt open—we could see all his chest. Mr. Etheridge,—we walked in; and he asked him if he was Warren Day. He said, "Yes." He showed him the picture in our possession. He said, "That is my picture."

He admitted that which although not conclusive is suggestive at least. I continue:

And we walked to the side of the bed, and a woman was lying on the bed on the left hand side, and Mr. Etheridge asked her her name, and she said, "My name is Denise Lapointe." She was covered to the neck. Mr. Etheridge told Mr. Warren Day and her that they will both hear from his real wife's attorneys in the near future, and we left the place.

Q. How many beds were in the room?

A. One bed only.

Q. What was its condition?

A. It showed it was all disturbed, and on the left hand side where the woman was lying there was a brassiere, panty and slip; and on the other chair the man's long underwear.

There you have evidence not only of opportunity but the fact that this man was separated from his wife and had been separated from her for a long time would lead one to the conclusion that there was inclination too, and if you have a combination of opportunity and desire or inclination it is not too far-fetched, based on one's elementary acquaintance with human nature, to conclude that there was in fact adultery committed. I believe it was on that basis, which although not conclusive in my opinion is sufficient, that the other place made its report and I suggest it was perfectly in order.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry on division?

Some hon. Members: On division.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: Agreed.

Bill reported.

Mr. R. J. McCleave (Halifax) moved the third reading of the bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, before this bill receives third reading I wish to say on behalf of this group we are pleased indeed to find that many hon. members of this house, some of them with only a short experience here, have come to the same conclusion we came to years ago that this divorce procedure should not impede the progress of other important business in this house.

I also wish to say that at the conclusion of this session and, shall I say, during the recess, hon. members of our group are going to give serious consideration to again introducing a bill for the house to consider that will have as its purpose the transplanting of the granting of divorces from parliament to the Exchequer Court of Canada which we believe is the proper place to give consideration to these serious matters.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Howard: No.

The house divided on the motion (Mr. McCleave) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Lambert
Anderson	MacLean (Queens)
Barrington	MacLean (Winnipeg North Centre)
Baskin	Macnaughton
Batten	MacRae
Bigg	McCleave
Browne (Vancouver-Kingsway)	McGregor
Brunsden	McIntosh
Campbell (Stormont)	McPhillips
Cardiff	Milligan
Carter	Monteith (Perth)
Charlton	Montgomery
Chown	More
Churchill	Morton
Coates	Nielsen
Cooper	Nugent
Crouse	Pearkes
Doucett	Phillips
Drysdale	Rapp
Fairclough, Mrs.	Rea
Fairfield	Robinson
Garland	Rynard
Green	Skoreyko
Grills	Smith (Simcoe North)
Halpenny	Smith (Winnipeg North)
Hamilton (Notre Dame de Grace)	Southam
Hamilton (York West)	Speakman
Hanbidge	Spencer
Hees	Stanton
Henderson	Stefanson
Hodgson	Stewart
Horner (The Battlefords)	Stinson
Jones	Webster
Jung	Weichel
	Wratten—69.

NAYS

Messrs:

Boulanger	Loiselle
Bourque	Martin (Timmins)
Deschatelets	Peters
Fisher	Regier
Herridge	Rouleau—11.
Howard	

Bill read the third time and passed.

Mr. Speaker: The hour for consideration of private and public bills having been exhausted, the house will return to consideration of the business that was interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

231. Departmental administration, $1,441,494.

The Deputy Chairman: It being six o'clock, I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Carter: I had just had time, Mr. Chairman, to extend congratulations to the minister when the committee rose at five o'clock for the consideration of public and private bills. I had, I believe, observed that for the first time the estimates of the Department of National Health and Welfare had passed the $1 billion mark. I believe the minister gave the exact figure as $1,180,089,181 to which we must add approximately $70 million more for payments it is expected will be made under the health insurance and diagnostic services plan to those provinces who have put the plan into effect on July 1. Altogether, this makes a total expenditure of approximately $1.25 billion, actually, $1,250,089,181. The minister pointed out that 92 per cent of these expenditures are statutory, but nevertheless they are expenditures and the money must be found to cover them.

The bulk of these expenditures will be made on various forms of welfare services, health grants and so on. I should like to point out to the committee that the Department of National Health and Welfare is not the only department which spends money for these kinds of services. In our estimates we find that the Department of Veterans Affairs is also spending $291,882,345 for services which are very similar to those provided by the Department of National Health and Welfare. These services provided by the Department of Veterans Affairs cover health grants, health services, diagnostic services, welfare payments and pensions, which are very similar to those covered by the Department of National Health and Welfare. If we add the expenditures of these two departments together, we get approximately $1.5 billion which this federal government is spending on these kinds of services, services which we usually include within the term social security.

If we look at our estimates for national defence, we find that we are spending approximately $1.68 billion for national defence. Our expenditures for social security, therefore, are approximately equal to our expenditures for national security. There has been a great deal of concern expressed in various parts of Canada, and in the committee on estimates, as to the capacity of the Canadian economy to support this burden. I think if it is logical to express concern over the burden of national defence, it is equally logical to express concern over the burden of social security, which is approximately equal. Next year, when the full cost of health insurance and diagnostic services is felt, there will be very little difference between what we spend on social security and what we spend on national defence.

One of the large items under the Department of National Health and Welfare is the expenditure on old age assistance. Yesterday the minister, in replying to a question which I had on the order paper, supplied me with information which showed that from July, 1957, to July, 1958 inclusive the payments made under the old age assistance plan exceeded the revenue by $154,098,080. Now, if the royal jelly which our good friend from Kootenay West spoke about this afternoon becomes available to our old age pensioners and they get rejuvenated from 70 years down to 50 years, we are going to be faced with a financing problem of great magnitude to keep this fund solvent. The revenues for this old age security plan come from taxes which have been allocated for that special purpose, two per cent of the corporation tax, two per cent of the sales tax and two per cent of the income tax up to a maximum of $60. However, these revenues have not been sufficient to keep this fund solvent in times of recession. When the corporation taxes and sales taxes decline, the gap between revenue and payments is bound to widen. Some other method, therefore, must be found to keep this fund solvent.

In order to keep this fund solvent now the government has made loans. This cannot be continued indefinitely and the time is not far distant when some other method will have to be found to finance these old age payments. I should like to ask the minister what consideration is being given to providing the necessary funds in order to keep this fund solvent. I should like to suggest to him that this would be a first-rate time to consider the development of a national pension plan, a plan which would be developed through the co-operation of government labour and industry as well as other interested agencies, a plan which would be put on a sound financial basis and which would provide pensions based on contributions. These pensions could be transferred from one occupation to another or from one part of the country to another. I know there

is a Professor Clark who is making a study of the old age pension plans which obtain in the United States, but that is not the same thing as I understand it. I think we must revise our thinking on the ways and means of keeping this fund solvent. The present is a very good time in which to set up the necessary machinery to get all the information we require and to see what can be done to bring in a national pension plan.

I should also like to say a few words about the disability pensions. I am going to be brief because they were covered fairly well this afternoon by my colleague the hon. member for Lapointe. However, there is a problem in connection with the administration of these pensions. There are three factors which must be taken into account. The first factor revolves around the interpretation of the term "totally and permanently disabled". That term is subject to a wide variety of opinions and interpretations which vary from board to board and from province to province. Another factor is the financial position of the province which is administering these pensions. As I understand it, the federal government pays only half and the other half must come out of the provincial treasury. If the province is having a difficult time financially and must retrench, then of course they are going to be restricted in the amount of money actually which can be allocated to these disability pensions; and that consideration in turn will restrict the number of people who can receive them.

I think the administration of these disability pensions should be taken out of the hands of the provincial government and should be administered completely by the federal government. I admit that whatever we do it cannot be perfect. We shall always have borderline cases from which we can never escape. Nevertheless, I think more can be done than has been done up until now to set up criteria which will enable uniform administration of these pensions. Otherwise we are going to be faced with a situation where a person who lives in one province might qualify for a disability pension whereas a person with exactly the same disability and living in another province cannot do so. I think that is something that all hon. members in this house would wish to avoid.

Before I sit down, Mr. Chairman, I should like to put to the minister two questions which I hope he will answer, in addition to those which I have already posed. This morning the minister mentioned a sum of money—I did not quite catch it as he read it out—or the expenditure which has been provided for in connection with unemployment assistance payments; I refer to those to able-bodied persons owing to the removal of the floor. When he replies, I should like the minister to tell us just how much money has been spent on that item up until now and how the money has been distributed among the ten provinces of Canada.

The minister also mentioned his attendance at the world health organization. We were very happy to learn that Canada is taking such a great interest and playing such an important part in the great work of this organization. The minister told us that the budget which had been prepared for the work of the world health organization was, I believe, $15 million. When he replies I should be glad if he would tell us just how much Canada has contributed to that $15 million budget.

Mr. Peters: There are only a few comments I should like to make. One of them is on a matter which has been discussed by the hon. member who has just taken his seat. I refer to the matter of disability pensions. In the province of Ontario we have a good deal of difficulty in the administration of these pensions and the requirements that must be met before pension can be established. In Ontario it became an act from which very few people ever received any benefit. It is generally understood that in order to receive the disability pension in the province of Ontario you must be permanently and totally disabled. If you have one foot you can put on the floor, you are not classed as being permanently and totally disabled.

The other day a lady who is connected with welfare work in my riding brought to my attention the names of three young girls who are now graduated from school. One is an epileptic, another is a "polio" victim and the third is similarly disabled. These girls are not able to work. In my opinion, they always will be disabled and quite badly so. They are able to look after themselves; therefore they do not come under this disability pension. In a country as rich as Canada I think consideration can be given to persons of this type. They are not completely helpless. In this case two of the girls are quite capable of doing certain types of work, but those types of work are normally not available in the area in which they live. If they go some place else there is going to be the matter of looking after them for at least some time so far as money for living and becoming established is concerned. I think much more can be done in this field of helping the disabled people across Canada, particularly the young people who have no other means of support and who can look forward to 30 years, 40 years

or 50 years of dependence on their parents or on welfare organizations for a livelihood. I think Canada is quite capable of financing a much better deal for disabled persons.

Another problem is in connection with those people 40 years or 50 years old—yes, and some much younger—who are afflicted with a heart ailment which leaves them, as far as investigators are concerned, in a very healthy condition and yet medical advice is to the effect that they are permanently and totally disabled. In many cases they are able to walk down town on good days and to get around and they look quite healthy but from a medical point of view they are completely disabled. In most cases these people do not meet the requirements laid down by the province of Ontario in the administration of this act. I think the requirements by the federal government, in the joint negotiations they hold in setting up the requirements for this act, could be made much more lenient so that more of the people who are deserving cases could see some future for themselves without depending strictly on welfare agencies.

Another problem that has been mentioned by many others—and I do not want to belabour the point—is the fact that we have not yet decided that we are going to keep our social security on a standard in keeping with today's cost of living. The family allowance, the old age pension, the disabled persons pension and the other social security measures that we enjoy in Canada I do not believe were granted before an election or with that event in view. They were developed over many years and have been granted as a fair and reasonable amount in each case. When the family allowance was introduced it was worth twice as much as it is today, and we have not seen fit to tie in our social security measures with the cost of living so that we may maintain the standard of living originally intended, which would be the only way in which the Canadian citizens could receive the benefits which the legislation was originally expected to provide.

The family allowance is limited to children under the age of 16 years, but all parents are well aware of the fact that rather than being able to do without this assistance when their children reach this age, more money is necessary at that time in order to provide for higher education. I think this government would be well advised to introduce legislation to extend family allowances for the benefit of those parents who wish to send their children to high school, even up to the age of 21 years, if they desire to continue their education. Such a measure would do much to alleviate the problems with which many families are faced when their children reach the age 16 or 17. They have to provide them with suitable clothing and all the other things which are necessary to ensure a background and environment in keeping with a desired standard of living.

I would also recommend that more research work be done by the department into such matters as industrial diseases. I mentioned this matter last year and I would emphasize the importance of this question, particularly in so far as mines are concerned. I have in mind those mines containing silica dust and now the mines in the new field of uranium. International organizations are finding that close proximity to uranium ore is causing genetic problems which we did not even realize existed a few years ago. I believe the government has an obligation to carry out research work and to implement recommendations along the lines suggested as a result of investigations. Precautions should be taken, particularly in the case of those companies which have so far not been too co-operative with respect to the welfare of their workers.

In the field of cancer, I think the department should spend a great deal more money on research. We read in the newspapers and in the medical journals that many investigators in this field believe they are now on the verge of solving some of the problems connected with this disease. The scientists are undertaking experiments which are disclosing developments believed to have significant effects upon cancer. In Canada scientists have developed certain protections, particularly at the research institute in Toronto. If more money and assistance could be made available to research scientists in this field by the federal government it is quite possible that this problem might be solved as were the problems of tuberculosis and other diseases. It is to be hoped, therefore, that the government will put its shoulder to the wheel in this respect.

One other matter I would like to raise at this time is a matter which I do not believe should come under the jurisdiction of this department, and that is the matter of civil defence. Unless there are some significant findings as a result of the investigations which I understand are now taking place, I would strongly recommend that the minister transfer the administration with respect to civil defence to the Department of National Defence. Adequate instruction has not been given to the Canadian people with respect to such matters as basic first aid training which will be vital in case of disaster. In the case of first aid training, of course, jurisdiction should remain with the Department of National Health and Welfare, and it will do so, but with respect to the other aspects of

civil defence I feel that the administration should be returned to the Department of National Defence, particularly having regard to implications in the event of an atomic attack. The majority of the Canadian people are completely unaware of even the basic requirements for their protection in the case of atomic warfare. The government has seen fit in recent weeks to spend huge sums of money to popularize the idea of the conversion of one type of bond for another, but I believe that this money could be spent in a way more beneficial to our people if we were to give them the basic training for protection against radiation.

If we consider it important to consider such things as moving our national capital from one place to another, then surely we should consider the threat of this type of warfare. As long as this threat is with us we have an obligation to at least give the Canadian people the rudiments of first aid training so that they may have some chance of protecting themselves in an emergency.

Mr. Phillips: I wish to say a few words in this debate, both in a desire to obtain some information and to point out a few difficulties which I believe will arise in connection with our national hospital insurance plan. I very much regret that the province of Prince Edward Island seems to have lost all interest in health insurance, and I would like to inquire of the minister whether he has recently received any communication from the government of my province.

I would also like to draw the attention of the house to a condition which will affect many of our citizens after January 1, 1959, and that is with regard to those people who are carrying private hospitalization schemes as a supplement to provincial hospital plans. Perhaps we could take Ontario as an example. The Ontario plan provides public ward hospitalization, nursing care, operating room, X-ray, physiotherapy, laboratory and also covers most drugs, but many people find the idea of admission to a public ward rather disturbing, and they therefore attempt to cover the difference in cost by carrying an insurance policy.

As I understand it, if a semi-private patient or a private patient, when this plan comes into effect, goes into hospital, and if by reason of a shortage of beds he has to go into a public ward, he will receive no compensation whatever from his insurance company. Before the Ontario plan was in operation the difference between the public ward cost and private or semi-private ward cost was paid to the patient by the insurance company. For example, let us say a patient had an insurance policy providing $15 a day. If the patient was in a ward which cost $10 a day he would receive the difference between the $10 and the $15 from the insurance company. That is only fair, and it is hard to understand how anyone who has taken out these insurance policies finds that he will receive nothing from the insurance company despite the fact that he has paid the insurance premium could feel that his foresight had been justified.

Another point with regard to health insurance is that the rates vary from hospital to hospital within a province. A number of insurance companies have had plans paying a stated sum per day regardless of the hospital rate. This, I understand, must be discontinued after January 1, as the amount will be cut to the average between ward and semi-private and private rooms, that is, the provincial average, and it appears that some of the insurance companies are going out of this type of business. I do not think the government when it introduced national health insurance had the idea of forcing these insurance companies out of the business.

Several members have already pointed out that the hospital insurance scheme will result in an increased demand for hospital beds. In addition to that, we in Canada have approximately six million people under the age of 20, and a rapidly increasing population. The increased grants for hospital and construction, especially those for chronic care, are a step in the right direction, and I suggest to the minister that he keep a sharp eye on hospital construction costs with the idea that if they increased very much more a further increase will be required.

One matter which is a source of irritation to various hospital boards is the delay when an application is made for a construction grant. One small hospital in my constituency has had an application before the provincial government for almost two years and no action has been taken on it. After they have obtained approval from the provincial government they must obtain federal approval and I should like to suggest to the minister that a joint committee of the provincial and federal governments be set up to try to eliminate these delays.

The cost of hospital insurance for a full year will not be known for some time. I have fears that the final cost will be a bit of a financial shock to the taxpayers, and in order to keep the cost in line with reality it may be advisable to have a patient pay a small sum on admission, say $25 or the first three days toward the cost of hospitalization. This would prevent unnecessary admissions to

hospital and would reduce the demand for hospital beds. In addition it would also be of great assistance to the practising physician as he would not be subject to undue pressure from patients who desire hospital treatment in cases where they could probably be treated equally well at home.

(Translation):

Mr. Loiselle: Mr. Chairman, near though we are to the end of the session, with each member preparing to return to his constituency, I cannot miss this opportunity of expressing a few heartfelt views on civil defence and family allowances, while we are on the estimates of the Department of National Health and Welfare.

Regarding civil defence, Mr. Chairman, I know you will understand my placing special emphasis on the requirements of the Montrealers. As councillor for the city of Montreal—Canada's metropolis—I was in a first-hand position to witness what was done in this field by those then responsible, particularly from 1950 to 1954, when Brigadier Guy Gauvreau was co-ordinator.

As we all know, the world is going through frantic and distracting times as a result of scientific developments which give us Russian sputnik one day, an American rocket another day and today, they are talking of conquering the moon. What lies in store for us tomorrow? Heaven only knows. That is why today government departments must, at all costs, join and work with a common aim, so as to bring home to each and every Canadian the necessity of his making sacrifices in order to organize civil defence, forestall disaster, and save as many human lives as possible—for the enemy is looking for modern methods to annihilate us.

Montreal, with a population of over a million and a half, is entitled to federal aid to supplement its contribution. As I was saying a few minutes ago, some progress has already been made in this direction; in fact, Montreal municipal authorities placed a $100,000 fund at the disposal of the civil defence committee.

Unfortunately indeed, Mr. Chairman, I say this pointedly, between 1944 and 1957 a new administration took over in Montreal and deliberately abolished the civil defence committee under the pretense that $100,000 was not enough for a city like Montreal. I admit it was not very much but at least something was being done, citizens were learning how to evacuate homes, factories or public buildings in an orderly way and without panic.

The most simple definition of civil defence, which some find complicated, was given to us by Lieutenant R. Forand, co-ordinator for the city of Granby, in a talk he gave on February 8, 1954. Here is what he said about it: "Civil defence is the means whereby lives and property are safeguarded under atomic, biological or other attacks".

As you know, Mr. Chairman, Montreal is situated on an island. I therefore need not tell you that it would be a very attractive target for enemy air forces and you can imagine what would happen if Montrealers were not prepared to defend themselves, and what would be the responsibility of the federal government who would not have supplied Montreal citizens with the necessary and appropriate means of protection.

At the present time, the problem facing Montreal is the evacuation of the island. Present bridges are inadequate and this can easily be realized on week-ends when part of the population takes to the country to spend the two days of the week-end or to visit relatives. Bridges are crowded and you can only cross them by dint of patience, as traffic crawls along, when it is not altogether at a standstill.

Since 1957 Montreal has had an administration which has in mind a revival of a civil defence organization. Indeed, the appointment of a co-ordinator for the metropolis will no doubt be made soon.

Scientific developments brought about by nuclear warfare are such that the government should give civil defence an importance equal to that of national defence. I feel that if we are right in spending more than half of our national income for national defence, the government would certainly be well advised to spend in this regard more than the $7 million appearing in the estimates under the heading of civil defence.

A conference of municipalities will be held in the near future. This should provide the government with a fine opportunity to lay a civil defence plan before the municipalities. I must say at this point, speaking as a municipal councillor, that the minister may expect from the present mayor of Montreal co-operation of a kind which the former administration failed to receive from his predecessor.

This is a national program which should be financed by the federal government.

That is why I submit that all expenses incurred by the municipalities in the implementation of a civil defence plan, should be met entirely by the federal government.

Before passing on to the next subject, Mr. Chairman, may I express a few thoughts on family allowances.

I would not like to miss this opportunity of suggesting once more to the government, as I have already done more than once during the present session, the possibility of increasing the amount of the family allowances. The minister knows that it was the Liberal government which instituted family allowances in 1945 and that these were raised on various occasions since that time, the more recent increase having been made, in fact, in the 1957 budget. During the last campaign, the leader of the opposition had undertaken to extend payment of family allowances to children still attending school until such time as they have reached the age of 18.

It is the least that we could do for our families and I would like to ask the minister, in his comments, to tell us what the government intends to do about increasing family allowances.

We must bear in mind that the cost of living has increased considerably since June 1957, especially for the three items of food, clothing and housing.

As there is unemployment in my constituency, a raise in family allowances is absolutely necessary. It would moreover be most welcome by all the citizens of Canada.

I hope, Mr. Chairman, that the minister has noted my suggestions and that he will at once take them into consideration.

(Text):

Mr. Denis: Mr. Chairman, may I be permitted to say a few words in this debate especially regarding the hospitalization insurance plan. The minister may well remember that on June 19 I asked him a question as reported at page 1432 of *Hansard* at which time the following exchange took place between the minister and me:

Mr. Denis: With respect to Quebec, can the minister say whether the province of Quebec has said no, yes or maybe? I know that when there was a Liberal government the premier of Quebec said no, but there was an election and the Tory party came into power. We have seen reports in the newspapers that maybe he will enter into an agreement. I saw in the newspapers recently that he was supposed to be preparing some kind of agreement to submit to the federal government. As the legislation before us will come into effect on July 1, does the minister not think that the premier of Quebec is rather late in trying to take advantage of this wonderful legislation?

Mr. Monteith (Perth): I do not think it is for me to say what I think. All I can announce is that there has been no indication from the province of Quebec as to what their intentions may be.

[Mr. Loiselle.]

Mr. Denis: There was no letter, no telephone call, no correspondence between the premier of Quebec and the federal government?

Mr. Monteith (Perth): No indication.

It seems that the situation is the same two months after that question was put in the House of Commons. I observe that yesterday the hon. member for Maisonneuve-Rosemont asked a similar question. I have in my hand *Hansard* of yesterday's date, at page 3861 of which the following exchange occurred between the Minister of National Health and Welfare and the hon. member for Maisonneuve-Rosemont:

Mr. Deschatelets: Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare before we reach his estimates. Would the minister tell us if he has received recently an indication from the government of the province of Quebec as to their intention to join in the hospitalization insurance scheme?

Mr. Monteith (Perth): No, Mr. Speaker.

Mr. Deschatelets: Would the minister tell us if he has recently contacted the authorities of the province of Quebec, whether by telephone or telegram, to that effect?

Mr. Monteith (Perth): No, Mr. Speaker.

Mr. Monteith (Perth): Exactly.

Mr. Denis: It seems very clear there is no degree of relationship between the province of Quebec and the federal government.

Mr. Monteith (Perth): No, but there is a considerable amount of repetition over there. I have heard that statement before this afternoon.

Mr. Denis: Yes, but I think it is good to repeat that the federal government exists for the ten provinces, not only for nine. I find it very strange that with respect to legislation of this importance which will be helpful to every Canadian nothing has been done on the part of the present government to get in contact with the province of Quebec.

Mr. Ricard: What did you do in your time?

Mr. Denis: Always late, as the hon. member for St. Hyacinthe-Bagot used to say.

Mr. Ricard: What did you do?

Mr. Denis: We knew something about the premier of Quebec and we knew about the Quebecers who are here tonight. The hon. member knows that every time good legislation is introduced by the federal government the provincial government of Quebec is always in the rear and the same thing is happening today as far as the hospitalization insurance scheme is concerned. The same situation was illustrated last week when we had before us legislation of which Quebec could not take advantage with respect to the free gift tax for husbands and

wives. On two or three occasions since the present government came to office it has introduced measures of which Quebec could not take advantage. It happens every time nice legislation is introduced.

Mr. Ricard: How long did we wait for old age pensions?

Mr. Denis: The previous administration was always in contact with the premier of the province of Quebec.

The Deputy Chairman: Order. I would ask the hon. member for St. Denis to come back to national health and welfare.

Mr. Denis: Yes, Mr. Chairman. I regret that I was interrupted by my friend the hon. member for St. Hyacinthe-Bagot. I shall gladly abide by your ruling.

Mr. Ricard: That is what I wanted.

Mr. Denis: En résumé, I simply attempted to draw some kind of comparison. As you know, there are many comparisons we could make tonight. But as the Chairman has said, I should return to the subject under discussion and I will accept his ruling because he is usually right. I would point out, however, that the hon. member for Quebec West argued about this very same thing this afternoon. I rather liked the way he talked. If I understood him correctly he was serving as sort of a *porte-parole* from Quebec in order to tell the minister they were short of hospital beds but that they were prepared to accept his will. If the hon. member for Quebec West thinks it is a good way of running a province to be always late and to be not prepared to take advantage of good legislation, I regret I cannot agree with him. Mind you, this legislation was passed by the former Liberal government and I congratulate the minister for not doing away with it.

Mr. Ricard: But it was brought into force by the Conservative government.

Mr. Denis: It is easy to blame the Quebec provincial government for not being in touch with the federal government, but I wonder if the minister is not himself to blame for not doing anything about it. He appears to think the premier of that province does not exist. He treats him as a stranger. There has been no letter, no exchange of correspondence, no telegram. Nothing has been done. The result is that in the province of Quebec we pay taxes and do not get the advantage of the legislation, while the other provinces take advantage of it. The premier of Quebec, in the name of autonomy, is causing us to lose millions of dollars. We are going to pay for it and the province of Ontario and the other provinces will benefit from it.

Mr. Ricard: Did Quebec not get $19 million last year?

Mr. Denis: The hon. member for St. Hyacinthe-Bagot gives me an idea. I remind him that the deputy minister of Quebec, Dr. Gregoire, said that 80 per cent of the population of Quebec could not take advantage of the hospitals in Quebec because they were too expensive and that there were only two types of people—

Mr. Ricard: It is no different from the other provinces.

Mr. Denis: —who could take advantage of them, namely those who had nothing and the rich. In the case of those who have nothing, their expenses are paid by the province and, of course, the ones who have money pay their own way.

According to the hon. member for Quebec West, the province is short of hospital beds and therefore cannot take advantage of this legislation. If the province is short of hospital beds it is because the hospitals are already full. If we take advantage of this legislation those who are already in the hospitals will also take advantage of it and besides that the hon. member's taxes will be used in his own province as well as in the province of Ontario. Therefore, I suggest to the minister that if they have no agreement or no contact with Quebec, let them put money aside as the former government did with respect to university grants. Before long we may have a new government in Quebec who will take charge of the province and accept the grants.

Mr. Kucherepa: Mr. Chairman, I take this opportunity to say a few words on this very vitally important matter. First of all, I should like to congratulate the Minister of National Health and Welfare on the way he has directed this very important department of our government. I believe at the present time this department is the second highest spending department in the dominion, being superseded in this respect only by the Department of National Defence.

This department, Mr. Chairman, which is responsible for the welfare of so many of our citizens today, particularly the senior citizens of this country and the children, is now undertaking very great responsibility in the field of hospitalization. This is a major change which is taking place in our daily lives. Although the previous Liberal administration worked many years on this legislation it did not reach the point where

the federal government became actively engaged in this field of endeavour. It was left for a Conservative government to expedite and to achieve this great social measure. In that regard the present minister has made a very important contribution, even toward advancing the effective date during this present session.

It is indeed regrettable that some members of the Liberal party saw fit to criticize this scheme which they themselves were promising for so many years—since 1919, I think—forgetting that the Liberals themselves were the architects of the present legislation and when they condemn it they merely add another nail to the coffin of the previous Liberal government and its inactivity and indifference toward this problem. The problem which the previous speaker mentioned is not a matter which has emanated from anything that has taken place in recent days; it is the result of something which was put on the statute books of this country by the previous Liberal administration, and the hon. member must realize that it was brought about by that regime.

As I said before, this is an excursion upon a new and untravelled road for the Canadian people. In the past there has been a state of affairs where people were content to obtain medical care in their own homes or by visiting their doctor's offices. Now the trend will be toward obtaining medical services in hospitals. I believe this is an important point because, in the past, many insurance companies, if not all, did not recognize the principle of hospitalization for investigation, a procedure which was undoubtedly responsible for keeping insurance premiums down to their present levels, although I must say that the medical profession was not altogether happy with this policy because undoubtedly there were many patients who required hospitalization for the purpose of finally and entirely ruling out the possibility of existing serious disease.

It is admitted that the hospital bed situation is not all that it could be, and just what the effect of including this extra service, this so-called investigation service, will have on the hospital facilities and on the insurance premiums only time will tell. Undoubtedly, there will be a great demand for the construction of more hospital facilities. These are problems which will become evident as time goes on and as the scheme is developed more fully. I believe the government is following a wise course in this regard, having in mind that some of the provinces have not as yet chosen to participate in the plan.

The Ontario scheme, which will become effective on January 1, 1959, includes all the hospital services necessary for the treatment of an insured person who is admitted to hospital as an in-patient or, in an emergency.

I was very pleased to hear the remarks of the hon. member for Jasper-Edson who touched on some vital problems dealing with the internal difficulties which face us in the hospitals across the country and to which I believe we must pay some attention lest the scheme should not function properly.

There is something else which I should like to bring to the attention of the minister and of the committee, a matter which has given me some concern in the past. Over the years I have seen hospitals enlarged by additions of hundreds of beds to existing structures. Those buildings are located in what we might describe as the centrally populated areas of urban centres or they might be described in the field of civil defence as target areas. Although we were pleased with the developments in the last few days in international affairs, nevertheless, Mr. Chairman, I feel that we should undertake a long-range planning policy of decentralization of our hospital facilities, especially in our larger urban areas.

In the future we should take into account the problems of modern living. Yesterday we heard of plans being formulated for the removal of our government from this centre at a time when developments might take place which would necessitate that. Surely, Mr. Chairman, this principle applies just as much to the vital service of hospitalization which may mean the difference of life or death for many of our Canadian citizens. Therefore, Mr. Chairman, I should like to bring to the attention of the minister the possibility of looking into this matter of whether we can in some way or another control the location of those hospital facilities in the future, having in mind that in the older cities of this country where there is a large development of hospital buildings we find that industrialization has taken place in those areas which might be construed as so-called target areas in the event of any future disaster.

I should also like to bring to your attention, Mr. Chairman, the problem which faces our people in the northern part of the country, especially the Eskimos. From what I can ascertain, the main problem in those areas which are so sparsely populated is to provide basic living conditions suitable to proper development of health measures. Our department does spend considerable funds in those areas. However, the results do not seem to be in keeping with the expenditures. It seems to me the basic problem here is to provide shelter for these people, especially for the children. The weather conditions there are severe, and thus housing becomes a major consideration, if we are to attain those

standards which are desirable, and which have indeed been obtained in other countries with a similar climate.

Finally, Mr. Chairman, I should like to say a few words regarding the contribution which Canada is making to the world health organization. I was gratified to hear the minister's statement in this regard. I believe that in this field of international relations we are not only making marvellous strides but we are also creating the kind of understanding which will bring about greater respect between the various countries of the world.

Mr. Muir (Cape Breton North and Victoria): I should like to take a few minutes of the committee's time, Mr. Chairman, to bring to the attention of the minister a matter of extreme importance. I refer to the Disabled Persons Act. The administration of this act in the different provinces has rather confused me, especially in the province of Nova Scotia. It has been said that the regulations pertaining to this act are the same in all provinces, but from what I have seen and the information I have obtained, I feel this is incorrect. It appears that each province has its own idea of the definition of a permanently disabled person. It is quite true that there possibly would be some differences in the administration of the act because, as I understand it, each province has its own medical board which may interpret the clauses of the act in a different manner.

It seems that in some cases in the province of Nova Scotia the definition of permanently and totally disabled means that the individual concerned must be helpless or, in other words, practically a living log. A case in point comes to my mind at the moment. There was a person in my constituency who suffered a paralytic stroke about a year ago. He was confined to the hospital for a period of months, but eventually was discharged and returned to his home. There was not anything further that could be done for him so far as hospitalization or medication was concerned. The man was paralysed all down one side of his body, and his other arm was affected to the extent that he had to be fed. He was confined to bed in his own home. However, in spite of his condition, his application for a disabled person's pension was rejected. I still have his file, but it will not be necessary to give it any further consideration because unfortunately this poor man passed away a few weeks ago.

Just what is a disabled person? I have another case of a young man, 34 years of age, who suffered a severe accident with his father's mowing machine when he was four years old. He is unable to walk. Today he is able to crawl around with iron straps on his legs in order to support his ankles. The extent of his capability is that if he is carried out to the fields he can sit down and pull some weeds with his hands. This man has tried for two years to obtain a disabled person's pension without success, despite his tragic condition.

I do not wish to take up too much of the committee's time, but I should like to relate another very sad case. This concerns a man I have known since we were boys together. His left leg and arm have been withered since birth, so he has a difficult time in getting around. This is bad enough, but he is also subject to epileptic fits and has, on occasion, been found on the streets suffering from these fits. He has not any parents living and is surviving upon what sympathetic friends have been able to give him. His application for a disabled person's pension has been rejected on several occasions.

Since the cost of this pension is borne jointly by the provincial and federal governments, I feel that the instances which I have just related should be brought to the attention of the committee. I should like to ask the minister if it would not be possible to have a conference of provincial medical boards and his department with a view to having this act more uniformly and more leniently administered. In my opinion the act is interpreted too stringently in Nova Scotia so far as the definition of permanently and totally disabled is concerned. I think I have illustrated this fact in a small way. In closing, I would appeal to the minister for a relaxation of the regulations governing this act so that many people in these unfortunate circumstances such as I have mentioned would benefit thereby.

Mr. Rouleau: I want to say only a few words to bring to the attention of the committee, and of the minister in particular, the work done by the society for emotionally disturbed children. According to a pamphlet published by the society, until quite recently many of these children were considered mentally retarded because of their lack of response to people. However, medical science now diagnoses these children as suffering from a psychosis.

The society for emotionally disturbed children was formed in 1956 in Montreal by a small group of parents of such children. It has since grown to include many persons who have no personal interest but who do recognize that without the aid of public authorities these children would be doomed to a tragic fate. The society needs more funds to help fulfil its objectives. There are no quick cures or methods to help emotionally disturbed children. They usually

require long term therapeutic treatment in a private environment. In order to provide these conditions special schools and specially trained personnel are needed, both of which are difficult to obtain. Because of the nature of this illness many of the children cannot fit into classes in the public schools and are, therefore, left without any schooling whatever.

I submit that the Department of National Health and Welfare should find the means to give financial support to this work of the society for emotionally disturbed children. I am sure the minister will take this request into consideration, and in the name of the society and the children involved I thank him.

Mr. Monteith (Perth): I should like first of all, Mr. Chairman, to thank the many members who have spoken this afternoon and this evening for their helpful ideas and their kind words. I will admit that sometimes I have received congratulations, while at other times there have been differences of opinion expressed. I hope to answer satisfactorily those questions which have been asked of me, and I trust I do not answer them in too political a manner. If, when I am finished, I seem to have missed certain questions which members may have asked, I can only apologize for that. I trust that they will bring them up on the items to which they apply. I do feel, however, that there has been a good study of the department's estimates this afternoon. This shows that hon. members are interested in the department, and for that I am grateful.

May I say, first of all, that I am going to leave unanswered those questions having to do with civil defence until that item comes before us. I think I mentioned at the start of my remarks this morning that I did have a short statement to make on civil defence when that item is reached. As a consequence, I would prefer to get to that point before discussing civil defence any further, and at that time I will endeavour to answer the questions which were asked.

The hon. member for Kenora-Rainy River and the hon. member for Richelieu-Vercheres —those two in particular—mentioned the fact that the annual report for my department had as yet not been tabled. That is quite true. That delay is accounted for by the simple fact that there are two unavoidable and unexpected vacancies on the senior staff of the information services division of my department. I fully expect that this report will be tabled within two or three weeks. It is my regret that it has not been done thus far, I might add that there were some difficulties also in having the report printed.

[Mr. Rouleau.]

The hon. member for Kenora-Rainy River spoke about Salk vaccine. I would point out that the government is now prepared to extend financial assistance in the provision of Salk vaccine to adults. As in the past, federal contributions would amount to one-half the cost of the vaccine, the remainder to be met by the province. Incidentally, I may say I have noticed a couple of newspaper reports recently which would seem to indicate that the provinces were possibly footing the full cost of this vaccine. That is not quite so. The government is sharing this cost 50-50. Since information on the number of children vaccinated is incomplete, particularly with respect to some of the larger provinces, it is difficult to specify a firm figure of those vaccinated. It is estimated, however, that more than 5,200,000 persons have received at least one or more doses of poliomyelitis vaccine by June 1, 1958. I think that is rather commendable.

The hon. member also inquired about cancer research. I would make a short reply in this respect. Prior to 1948-49 fundamental research on cancer was limited in Canada owing to lack of facilities, qualified research personnel and assured long term support. Although the national research council allocated grants for short term projects, applications received were not commensurate to the extent of the problem. I should like to point out that in 1957-58, 75 grants and 16 research fellowships were awarded totalling $630,000. For the current fiscal year 83 grants and 17 fellowships and associates have been awarded totalling some $820,000.

Hospital insurance has been in many members' thinking this afternoon and this evening. I think that during the discussion of amendments to the act some weeks ago this subject was covered fairly fully. I would express again my opinion as to the definite situation that exists. If all the provinces come in there will be ten different, distinct hospital schemes. As long as these schemes come within the context of the federal act, nothing else is required. As to the situation with regard to T.B. and mental hospitals—I was asked this question earlier—I have replied many times in the past. The situation is still unchanged. As far as the government is concerned, these ten schemes which would be in force if all ten provinces were within the hospital scheme would be different for special reasons. There are different forces in effect in different provinces. We do not wish to dictate to the provinces exactly what scheme they should institute. As long as their scheme is within the over-all context of our act, that is all that is required.

I would point out—I think hon. members on the opposite side of the house might realize this fact—that this act which is in force today is exactly the same act which was brought in by an administration which at that time was a Liberal administration in April, 1957. The only change that has been made since then is that we have moved forward the possible starting date from January 1, 1959 to July 1, 1958. In other words, this act is exactly the same in its approach to the problem of hospital insurance across Canada. As for myself, I feel that it would ill behoove us at this stage to try to dictate to the provinces exactly what they should have. We are leaving it open to them to present their scheme as they see fit provided it meets our over-all act.

Mr. Benidickson: Would the minister permit a question at this point?

Mr. Monteith (Perth): Yes.

Mr. Benidickson: I indicated to the committee this morning that I was privileged to be one of the federal delegates with the then minister of national health and welfare —I was representing the finance department at the time, I think—when we were meeting with the provincial officials, I think the provincial treasurers and ministers of health, in 1955 and 1956 in two conferences. At that time we had certain maxima of costs in mind of which we would contribute 50 per cent. My recollection is that roughly the annual federal contribution, if all the provinces had adhered to the proposition that we were advancing, would be about $200 million. I have in mind certain increases in the costs of this, that and the other thing. Has the department from year to year escalated this thing? Would the minister care to say, if all the provinces take advantage of the situation that now exists, what the federal contribution on an annual basis might be.

Mr. Monteith (Perth): I think our estimate at the moment is that if all the provinces were in the actual cost would be in the neighbourhood of $210 million. I may say quite frankly that we shall be able to tell you a great deal more closely after one year of operation. There is no doubt about that.

The hon. member for Kenora-Rainy River inquired about nurses' training. I would just mention that under the national health grants federal assistance in an amount of over $900,000 annually is being provided in support of provincial programs for the trainning of nurses and nurses' aides, while 9,400 nurses and over 2,600 nurses' aides have received federal training assistance since the beginning of the grants program. The construction of over 12,800 nurses' beds has been approved for federal assistance since the beginning of the program.

Mr. Benidickson: But those grants, of course, do not necessarily apply to nurses in training, do they? They are graduate nurses in hospitals as well as trainees?

Mr. Monteith (Perth): Yes; quite so, and the equipment and the instruction.

Schools of nursing in hospitals will receive support under the health insurance program. The cost of operations for these schools are shareable under the hospital insurance program. Health grant assistance is also being provided for post-graduate training and for selected studies on the methods of nurses' training. I would mention also that the dominion council of health, which meets twice a year, is being asked to consider nurses' training in the over-all picture at its next meetings.

Mr. Caron: Would the training for nurses be only in those provinces which accept the plan?

Mr. Monteith (Perth): This is under the health grants which go to every province. This is not necessarily under the hospital insurance plan.

Mr. Caron: Does it have to be accepted by the province itself?

Mr. Monteith (Perth): Projects under all these health grants are proposed to us by the provinces and then we generally accept them. There are times when rejections take place, but they are very infrequent because only those are proposed which are logical.

Mr. Caron: Has it been requested by the province of Quebec?

Mr. Monteith (Perth): Oh yes.

Mr. Benidickson: Is this in addition or part of the vocational training opportunities under the Department of Labour?

Mr. Monteith (Perth): No, it has nothing to do with it.

Mr. Benidickson: Is there a form of nursing training under the vocational training?

Mr. Monteith (Perth): Under the Department of Labour?

Mr. Benidickson: Yes.

Mr. Monteith (Perth): Frankly, I have no idea.

Mr. Benidickson: Is the minister able to make that assertion?

Mr. Monteith (Perth): No, I am afraid not.

Mr. Benidickson: Does the minister believe they are all in his department?

Mr. Monteith (Perth): Yes. The hon. member for Kenora-Rainy River inquired about the advertising by our department, and I would point out that there is $550,000 in the primary for educational and informational materials. There were other comments this afternoon with respect to publications, particularly the child training booklets which are distributed mainly to hospitals and schools throughout the provinces. There is no active advertising campaign as such. This is purely an endeavour made in the form of booklets and other educational media.

The hon. member for Timmins said that in his view at least the department had no vision, and he appeared to think that this is illustrated by our hospital insurance plan. My approach, and that of the government, to this plan has been a very simple one. This act was brought into being as at April, 1957, and when I took office one year ago today, I said that it was my ambition to put this legislation into effect. This has materialized purely by the fact that five provinces now have it in force and we expect greater participation as of January 1, 1959. I wish to repeat a statement I have made on previous occasions to the effect that after this scheme has been in force for a year or two I will be very happy to consider whatever suggestions are made to me for possible amendments. I do not think any piece of legislation as complex as this one could be perfect as a result of our first effort, and I am convinced that amendments will have to be made. Some adjustments have already been made in the agreements between the provinces—not the agreements themselves but the regulations—in order to meet certain conditions. We will be quite happy to consider further amendments to the legislation when it is shown that there are weaknesses in the act as it presently exists.

Mr. Benidickson: Just on that point, my hon. friend and his associates some time ago made up their minds, of course, with respect to the desirability of including in the 50-50 share the cost of operating tubercular and mental institutions. Would the minister make some comment on that?

Mr. Monteith (Perth): I have said that the situation in that respect has been unchanged since the time when the amendment went through, at which time I made my last statement on the subject in this house. The advancement of the date of the possible starting from January 1, 1959 to July 1, 1958 was at that time and, as I said earlier this evening, the situation remains the same. Mental and tuberculosis hospitals are not under consideration at the moment. I think that answers my hon. friend's question.

Mr. Benidickson: Does the minister think that the fact that this matter has been shelved is in any way responsible for the fact that to date the province of Quebec does not appear to be very interested in participating in this scheme?

Mr. Monteith (Perth): I do not think so, Mr. Chairman. The hon. member for the Yukon mentioned the use of mobile health units in the north, which units are actually trailers. These are a new experiment and, despite the remarks of the hon. member for Timmins, I believe this experiment does show that there is some imagination in the department. It is proposed that these units be used at various spots and I believe in fact we are experimenting with one at Watson Lake shortly. I believe the hon. member also mentioned the Whitehorse hospital which I understand is going to be opened in November and which will give complete hospital service.

The hon. member for Richelieu-Vercheres spoke of the annual report, and I trust I explained the absence of this report satisfactorily when I spoke about the matter a little earlier. He seemed to suggest we were withholding information, which of course is not correct. There is no intention of so doing and, as mentioned, the report will be in the hands of members within two or three weeks. I found that hon. member's speech just a little bit political, and I think I am entitled to reply—

Mr. Benidickson: Remember the hon. member for Danforth—we were very patient with him.

Mr. Monteith (Perth): There was another political speech following that one, but I think I am entitled to reply to the remarks of the hon. member for Richelieu-Vercheres with respect to our party having increased the pension from $46 to $55, by simply saying that if his party had been re-elected the old age security pension would still be $46 per month, and I do not think the public would like that.

There has been quite a bit of discussion, and I am not dodging the issue, with respect to suggestions for increases in the family allowances made by members of the opposition—

Mr. Benidickson: No, it was the Solicitor General who was referred to.

Mr. Monteith (Perth): I do not know who was referred to. All I know is who said it this afternoon, and in that respect I can simply say that those members had ample

opportunity to mention it to their government when it was in power.

Mr. Caron: It was increased.

Mr. Benidickson: By $42 million in 1947.

Mr. Monteith (Perth): In connection with family allowances, I think it is well to note that these suggestions made on the floor of the house are sometimes made in what might be described as a rather carefree spirit; such as, "Well, what does it matter, we will just mention it", and that sort of thing. I should like to point out that there are at present 5,850,000 children whose parents are in receipt of family allowances. For every one dollar increase monthly there would be required an additional annual outlay of $70 million. I hope the hon. member for Richelieu-Vercheres can balance his request for increased family allowances with the suggestion that perhaps we had increased old age security benefits too much.

Another point which I thought was interesting from a financial standpoint was this: The hon. member for Richelieu-Vercheres spoke of paying family allowances on behalf of children 18 years of age and under but I point out that if this was done it would mean adding approximately 550,000 children to the rolls which would represent an additional annual expenditure of $52 million. He seemed very concerned about the extra amount which it was costing the Canadian people to pay pensions of $55 a month. I am just mentioning this extra amount which it would cost the taxpayers if family allowances were increased.

I should like to congratulate the hon. member for Jasper-Edson for his definite interest shown in the hospital insurance scheme. I welcome his remarks. We all accept the fact that the medical profession has accepted its responsibility in regard to the hospital scheme. The hon. member mentioned uniformity. Here again I mention that I do not feel that we should have complete uniformity across the country. I do not think we could have the same scheme in Newfoundland as in Manitoba or in Ontario; I think we have to make some allowance for situations as they arise in the various provinces.

I would point out that we have avoided any interference with the practice of medicine. I will be happy to talk with the hon. member personally if he has any particular situation in mind but I can assure him, as I have assured the public of Canada from the platform, that there is no interference with the doctor-patient relationship under this act.

Mr. Benidickson: The point was that you would only pay for certain drugs, and perhaps that was an interference with the doctor's judgment.

Mr. Monteith (Perth): That, again, is one of those decisions which are made at the provincial level and, as a consequence, the scheme in Alberta or in Saskatchewan might be different from Newfoundland.

We have spent a great deal of money in our grants for equipment in hospitals. We also have a professional training grant of $516,000. I thank the hon. member for his remarks concerning the pamphlets which are gotten out. I have taken note of his other suggestions. I would point out that our medical research budget under the grants program amounts to about $2 million a year.

The hon. member for Fort William was this afternoon, I think, a little out of order when he was discussing civil service pensions. These do not come under my department and as a consequence I think I am incapable of replying in that respect. However, I would point out that the Minister of Finance did announce an increase in civil service pensions fairly recently. I appreciate the hon. member's remarks about the hospital insurance scheme and the study he has given to it.

The hon. member for Maisonneuve-Rosemont made quite a political speech. I do not intend to reply to it in kind. He referred to my reply to questions yesterday. I gave an honest reply, and I can reply in one word. I do not think anything more need be said in this respect. The province of Quebec has been mentioned this afternoon, and some Quebec members seem to blame the federal government for the fact that so far that province has not seen fit to come into the hospital scheme. If I may put it this way—I have repeated this, and I have mentioned it before from the floor of this chamber—the province of Quebec has shown an interest. It has had observers at two technical conferences we have held in Ottawa. However, it has not as yet indicated a definite intention to us of coming into this scheme, but I do hope that this will come about.

Mr. Deschatelets: Would the minister permit a question at this point?

Mr. Monteith (Perth): Certainly.

Mr. Deschatelets: I gather from the minister's remarks the impression—and I think it is a fact—that there is no identical plan for all the provinces, that the plan varies according to local problems in each province?

Mr. Monteith (Perth): The basic plan is the same; some of the details differ.

Mr. Deschatelets: Then why did the minister not at least get in touch with Quebec to discuss the problem? It may be that the authorities of the Quebec government have a special problem and perhaps if the minister would discuss it with them he could come to an arrangement which would permit Quebec to enter the plan. We do not ask the minister to force Quebec into this plan, but we blame the minister for not having made one telephone call, for not having sent one telegram—

Mr. Monteith (Perth): The hon. member can blame the minister as much as he likes. I did not approach any other province, either. This has been a matter of co-operation. If and when a province has made up its mind that it is prepared and can afford and wishes to participate in this hospital scheme, all it has to do is say so. It does not fall upon me to go out and ask the provinces to come in. Who am I to tell the provinces what they must do or what they should do? They have every right to make up their own minds.

Mr. Deschatelets: Would the minister permit a further question?

Mr. Monteith (Perth): If you do not make a second or third speech, yes.

Mr. Deschatelets: I will put a very good question to the minister, and I hope to have a good answer. I want to know if the minister has received from the 50 Conservative trained seals of the province of Quebec any representations—

Some hon. Members: Oh.

Mr. Monteith (Perth): There was only one group of trained seals here and that was two years ago.

Getting back to my answers to the questions asked by various members I should like to refer to the remarks of the hon. member for Jasper-Edson. In replying to the hon. member's questions I neglected to point out to him that during all the preliminary talks leading up to the development of hospital insurance as it exists in Canada today there have been consultations in which I have participated with an advisory committee of the Canadian medical association. These consultations took place on several occasions and we remain in active contact with them to get their views just as we are in touch with the many hospitals and other associations that are vitally interested in this project.

I do not think I shall concern myself any further with the remarks of the hon. member for Maisonneuve-Rosemont except to say—

The Deputy Chairman: Order. I am sorry to interrupt the minister but I must advise him his time has expired.

[Mr. Monteith (Perth).]

Mr. Monteith (Perth): Oh dear; it has gone so quickly.

Mr. Benidickson: Mr. Chairman, I think he took his seat several times and we are perfectly happy that he is replying to the questions in some detail.

The Deputy Chairman: Does the committee give unanimous consent to the minister continuing?

Some hon. Members: Agreed.

Mr. Monteith (Perth): Thank you very much. The hon. member for Kenora-Rainy River intimated earlier that he would like a rather extensive reply and I am trying to comply with that request.

I should like to reply to the hon. member for Kootenay West on the subject of royal jelly. It had been brought to my attention earlier that there might be some discussion of this during the course of the estimates and so I had a study made of it and have a reply which I should like to read.

Royal jelly is a natural product which is fed to the larvae of all bees for the first few days of life and continued feeding to a larvae will result in the development of the queen bee. There is undoubtedly some virtue in royal jelly for the development of bees. To date no satisfactory evidence has been received of any physiological or therapeutic effect on man. There have been many articles written on the subject which are contradictory. However, none of these stand up under critical review. Under the circumstances the food and drug directorate of my department has not accepted any claims and has required clinical evidence to support proposed schemes. To date no satisfactory evidence has been submitted. However, we are keeping an open mind on this subject and will continue to review the evidence.

Mr. Herridge: Mr. Chairman, the minister will appreciate the fact that I asked the question on a strictly non-partisan basis.

Mr. Monteith (Perth): The hon. member for Lapointe spoke highly in praise of the hon. member for Essex East and, of course, I am entirely in accord. Apparently the hon. member wishes to see medical, dental and surgical services included in the hospitalization scheme. Possibly this might well have been thought of before the act was brought in by the previous Liberal administration in April 1957. The hon. member mentioned the interpretation of "disabled" as being at some odds with this. He quoted certain remarks made by the present Prime Minister in 1954. I would point out that an amendment was made in May 1957 and another in November 1957 in an effort to simplify and

clarify the interpretation. By the way, I happened to be minister of the department in November 1957 and at that time I promised that full consideration would be given to these interpretations and definitions and I repeat that assurance now.

The hon. member for Quebec West inquired about the immigration hospital in his constituency. I have seen the resolution to which he referred. I am pleased to have his suggestions as set out in his remarks and in the resolution. The possibility of closing this hospital apparently has been discussed for more than two years in my department and I am aware of the question but I might point out that neither myself nor the government has made any decision or recommendation in this regard. We are postponing any decision and in any event no decision will be taken before next summer at the earliest. I agree with everything the hon. member said about the medical profession and I am extremely pleased to have his suggestions for consideration in connection with the hospital.

The hon. member for Burin-Burgeo referred to the world health organization budget. I understand that Canada's share of the budget for 1958-59 is $425,060. I believe he also asked if the old age security fund was solvent.

Mr. Carter: No. I referred to that because you had given me that information. What I did ask about was the unemployment assistance payments to able-bodied persons who are out of work.

Mr. Monteith (Perth): Did you wish the total figure or a breakdown for the provinces?

Mr. Carter: I asked for the total payment and a breakdown by provinces.

Mr. Monteith (Perth): This information is rather lengthy, Mr. Chairman and I understand it has already been tabled and is available.

Mr. Benidickson: Was it tabled this session?

Mr. Monteith (Perth): Yes. I might point out the total for the fiscal year ending March 31, 1958, for all provinces is $6,553,188.36.

Mr. Carter: That is for the end of the fiscal year. I was seeking a more up to date figure than that.

Mr. Monteith (Perth): The figure I have given is a total figure. I would be glad to obtain the information the hon. member requests and give it to him at a convenient time.

Mr. Carter: I would be quite happy to receive it at a later date.

Mr. Monteith (Perth): I appreciate the remarks of the hon. member for Timiskaming who mentioned cancer research to which I have already replied. He also mentioned silica dust. He brought that up when my estimates were before the committee a year ago. I am keenly interested in the matter and will take it under consideration.

The hon. member for Prince mentioned hospital construction. Approval of hospital construction grants is purely a provincial matter. They do not require to ask for the full $2,000 per bed which we are making available. It is available if they wish to match it.

I have no knowledge concerning private insurance schemes which may be in effect over and above the basic hospital insurance protection which is being offered under the present act. I fully expect those private insurance schemes will be so worked out as to make protection available to the residents of Canada as a whole. I appreciate his remarks concerning hospital costs. I know there are going to be several adjustments in insurance company plans which are available to the public as a result of our entry into this field.

Again, I would point out that there was a speech which I felt was somewhat political. The hon. member for St. Denis I do not think particularly expects me to reply to his speech. I do not wish to get into a controversy.

Mr. Denis: On a point of order, I know that the minister seems to like me very much but I think I should have an answer to my remarks. The minister said it was a political speech. I think that is far from the truth because I talked about the health of our people and about the province of Quebec not having a chance to share in this legislation. I do not think that was a political speech. What I wanted was the minister to get in touch with the province of Quebec to try to come to some kind of an agreement so that Quebec would benefit from this legislation. That is all I said.

Mr. Monteith (Perth): Very well. I am quite happy. It just occurred to me at the moment to be somewhat political. If the hon. member says it was not political I am quite happy to accept that. As a matter of fact, I think I dealt with the Quebec situation in previous remarks.

I hope I have covered practically all the questions. The hon. member for Cape Breton North and Victoria mentioned the Disabled Persons Act and said maybe there were some inequities. Incidentally, a new disability evaluation manual was issued which had the prior approval of all the federal and provincial medical officers. There were two conferences at which those officers were present.

If he has any particular instances in mind where there has not been full and equitable treatment I would be very pleased to have him present them to me.

One member spoke this afternoon to whom I have not replied. I should like to say a word in this respect, and I refer to the hon. member for Outrement-St. Jean. I would point out that our department and he agree entirely as to the objective desired in respect of what he might call goofballs. First of all, I might mention that goofballs have quite a variety of interpretations. I have heard them described—and they have been described—as even being made of sugar and coca cola, and so on. I presume most anything can go into them. I am not denying the fact that other than innocent drugs are going into these things. I realize he feels—and I am sure we all feel—that we wish to protect young people in this country and as a consequence I am sure we are quite in accord in that approach. However, I should like to say that I cannot agree with him when he undertakes to criticize an employee of my department, a man who has been with our department for many years, and in whose ability, experience, and his integrity I have every faith. I am convinced that somewhere along the line there has been a misunderstanding as to how a certain write-up got into a certain Montreal paper and I do not lay any blame whatsoever on this particular employee for the interpretation, or for the quotations, whatever they may have been, that appeared in the Montreal *Star*. I am convinced that this man acted in the best of good faith. He is very understanding of the peculiar situation, one might say, in which a civil servant finds himself. His hands are tied; his tongue is tied and I am quite convinced that certain remarks apparently attributed to him were not uttered by him. I wish it to be understood completely that I have every faith in the way in which he conducted himself. Aside from that, I would also like the hon. member to understand that I am completely in accord with his over-all thinking concerning the problem.

Mr. Carter: Mr. Chairman, I did not wish to interrupt the minister when he was about to refer to the solvency of the old age pension fund. I notice it is ten o'clock, and I know he is anxious to get this item passed but I would be grateful if he would refer to that when we come to the item in question.

Mr. Phillips: In my remarks I asked the minister whether Prince Edward Island had indicated any recent desire to come into the hospital insurance scheme.

Mr. Monteith (Perth): I am sorry; the hon. member for Prince did ask me that question and I neglected to reply to it. I understand that for a considerable time Prince Edward Island has not indicated any desire to come into the hospital insurance scheme. They did indicate their intention, I think—using dates that are somewhat in people's minds—prior to June 10 last.

Mr. Pickersgill: Does the minister not mean June 10 before last?

Mr. Monteith (Perth): June 10, 1957; the hon. member is quite right. I think they had indicated their desire to enter the scheme at that time but there has been no indication since as to if, as and when they do anticipate entering.

Item agreed to.

251. Grants to health and related organizations, as detailed in the estimates, $212,450.

Mr. Cooper: Will the Minister of National Health and Welfare indicate how much federal health grant assistance is being provided to the University of Saskatchewan for psychiatric research?

Mr. Monteith (Perth): Mr. Chairman, I think my answer would be that during the fiscal year 1958-59 federal assistance under the national health grants, which is under way at the University of Saskatchewan under the supervision of Dr. Hoffer and his associates, has been approved in the amount of $75,100.

Dr. Hoffer and his associates are outstanding for their research in certain aspects of mental disease, particularly schizophrenia. I wish to say that my department is prepared to consider submissions of projects where federal assistance is required for desirable extensions to their work.

Item agreed to.

Welfare Branch—
Family Allowances and Old Age Security—
253. Administration, $3,031,361.

Mr. Carter: Under vote 253, can the minister now reply to the question I raised about the solvency of the fund?

Mr. Monteith (Perth): I think I gave the hon. member some figures yesterday on that, did I not?

Mr. Carter: Yes, I am sorry.

Mr. Monteith (Perth): Frankly, I do not believe the fund has ever been solvent because the consolidated revenue fund has to make up a deficit every year.

Mr. Carter: My point was that the gap is bound to widen or appears to be widening, and some other means of financing this fund will have to be found. What I asked the

minister was whether or not any consideration had been given to alternate methods of financing.

Mr. Monteith (Perth): Well, as a matter of fact, that is for the Minister of Finance to consider as to whether or not any different method of financing should be found.

Item agreed to.

255. Grant to Canadian Welfare Council, $32,000.

Mr. Carter: Would the minister undertake to table tomorrow the figures that I asked for, the up-to-date figures on this unemployment assistance?

Mr. Monteith (Perth): Yes, I would be happy to, Mr. Chairman.

Item agreed to.

Civil Defence—

256. To provide for the civil defence program, $7,027,721.

Mr. Benidickson: Just on that item, when does the minister think General Graham will likely complete his report to the minister?

Mr. Monteith (Perth): He has informed me, Mr. Chairman, that his study should be completed somewhat earlier than we had originally expected. We had hoped for the end of the year. He is going to travel across Canada. I am of the opinion his report will be ready considerably earlier.

I do not wish to hold up the proceedings of the committee. As we all know, we would probably like to get through with this department this evening, but I did promise earlier to make a statement on civil defence. If it is felt desirable I still would be very happy to do so.

An hon. Member: Will it be a political speech?

Mr. Monteith (Perth): Anything but.

The Deputy Chairman: Is the committee agreeable, then, if the chair keeps its eyes off the clock for a few moments?

Some hon. Members: Agreed.

Mr. Monteith (Perth): Before vote 256 carries, Mr. Chairman, I should like to make a brief statement on Canada's civil defence effort during the past fiscal year.

At the outset, I would remind hon. members that the dominion government has felt it advisable to take a new look at our plans and activities in this field in view primarily of recent changes in the nature of the threat confronting this and other countries of the world. As I announced to the house on June 11, Lieutenant-General Howard D. Graham has agreed to undertake a comprehensive survey of all aspects of Canada's civil defence policy and program with particular reference to the implications which intercontinental ballistic missiles may have on these arrangements.

As far as the fiscal year 1957-58 is concerned, I believe it is fair to say that steady progress has been made in civil defence planning and training. In the matter of overall policy we have continued to follow the previously established approach of developing and testing plans for the orderly evacuation, on short notice, of certain urban target areas in the event that a nuclear attack should appear imminent. At the same time, advances in space travel and missile techniques have been watched closely and their possible impact on civil defence preparations kept constantly under review. While our planning in this field is still based on meeting the present threat of the piloted bomber it has also looked forward to the time when the ICBM can be expected to alter the strategic pattern of enemy attack.

Turning to specific developments, I might mention the initiation of a national civil defence day which received substantial public support last October and which will again be observed on September 19 next.

Another advance worthy of note is the increased emphasis which has been given to armed service co-operation with civil defence authorities. As hon. members are aware, the training of the militia during the current year is being concentrated on civil defence. In this connection my colleague, the Minister of National Defence, has explained that this shift of emphasis does not mean that the militia will take over civil defence or that civil defence will take over the militia. It simply represents another step towards implementing the established policy that the armed services, co-ordinated by the army, will come to the aid of civil defence authorities in the event of a nuclear attack. Since civil defence is of necessity organized on a local basis of self-help, with few, if any, mobile reserves, the main tasks of the armed services will be to provide mobile support groups and assistance with technical units and equipment to local civilian effort, both during evacuation and for subsequent operations.

The problems associated with armed service-civil defence co-operation were discussed in March of this year when a special conference was held at the national civil defence college at Arnprior. The results of these meetings, which were attended by senior officers of the three armed services, officials of federal, provincial and municipal civil defence organizations, as well as by representatives from other federal departments, were most encouraging and are now under careful study.

A further indication of increasing armed service-civil defence co-operation can be found in the mounting numbers of military personnel being trained at the Arnprior college. As against some 200 attending courses in 1955, more than 800 members of the armed services have received some kind of training at the college during the first six months of 1958.

As far as other training is concerned, I might say that more than 3,500 instructors and key workers attended courses at Arnprior during the past fiscal year, bringing the total of such persons trained under federal auspices to over 17,000. These, in turn, have provided instruction to over 135,000 additional persons in the provinces or municipalities.

In the realm of financing of our civil defence program, I would draw the attention of hon. members to two points. First, of the $7,054,085 originally budgeted for 1957-58, only $5,885,738 was actually made available. This was due to the fact that in the absence of parliamentary appropriation the money had to be provided through governor general's warrants which were limited to estimated cash needs. This explains what might appear to be a substantial increase in our civil defence budget for 1958-59. While representing an increment of $1,141,983 over the estimated cash needs for last year, our current estimate of $7,027,721 is, in fact, $26,364 less than was originally budgeted for 1957-58.

A second point which should be mentioned in this connection is the lapsed balance of $1,896,134 of the $5,885,738 made available last year. This resulted largely from unliquidated commitments in the medical stockpiling program and from the fact that most of the provinces underspent their quotas under the financial assistance program. In budgeting again at the $7 million level, the government is hopeful that the provinces will be in a position in the current fiscal year to take full advantage of the federal funds available.

With respect to the financial assistance program—which at $2 million is the second largest item in the civil defence estimates—an important modification was introduced effective April 1, 1958. Prior to that date municipalities were reimbursed for only 25 per cent of their expenditures on approved civil defence projects if the province did not participate. As a result of the change the federal government may now contribute 50 per cent of municipal expenditures regardless of whether or not the province makes any contribution. In taking this step the government hopes to give new impetus to local civil defence efforts which, of course, form the underlying basis of all action in this field.

There have been two developments since the end of the last fiscal year which I should also like to mention. Early in May, a nation-wide exercise entitled "Co-operation II" was carried out with a good deal of success. Involving most of the provinces, many municipalities, the armed services, the R.C.M.P., as well as the United States civil defence headquarters at Battle Creek, Michigan, this project afforded an excellent opportunity to analyse much of our civil defence planning. It also brought to light situations requiring further study with a view to improving the effectiveness of organizations at all three levels of responsibility.

At the end of May, I had the pleasure of taking part, with Governor Leo A. Hoegh, head of the newly-formed United States office of defence and civilian mobilization, and other United States civil defence officials, in the sixth meeting of the joint United States-Canada civil defence committee. I found this a most satisfying session at which substantial progress was made in such matters as plans to ensure the continuation of government in the event of an international emergency, technical developments in the provision of shelter against radioactive fallout, and practical application of the "no border" policy.

Looking to the future, I have already mentioned Lieutenant General Graham's far-reaching survey of civil defence policies and programs. Another forthcoming development of note will be the meeting of the federal-provincial civil defence advisory committee which has not been convened since 1954. The dominion government is most anxious to revive this important body and feels that the session scheduled for next October should prove extremely useful, particularly in view of the fact that new ministers responsible for civil defence have recently been appointed at both federal and provincial levels. Co-operation between federal and provincial governments is, of course, one of the key elements in Canada's civil defence activities and we are convinced that this committee can play a really vital role in furthering progress in this regard.

Item agreed to.

The Chairman: That completes the estimates of the Department of National Health and Welfare.

Resolutions adopted in committee of supply this day reported and concurred in.

PRIVILEGE

MR. PICKERSGILL—REFERENCE TO ARTICLE IN OTTAWA "CITIZEN"

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am going to ask the indulgence of the house to raise a brief question of privilege on behalf of the hon. member for Laurier (Mr. Chevrier) who cannot be here this evening.

Mr. Speaker: Has the hon. member leave to raise this question?

Some hon. Members: Agreed.

Mr. Pickersgill: In tonight's *Citizen* there is an article by Charles King of the Southam news services which contains a passage which reads as follows:

> Mr. Chevrier, a former minister of transport who left politics in 1954 to head the St. Lawrence seaway authority, returned to the St. Laurent cabinet shortly before the 1957 election.
>
> Although he had no seat in parliament, he was given a $17,000 salary as a cabinet minister—without parliament's sanction—and proceeded to run for election in the Montreal riding of Laurier.
>
> He drew the minister's salary from April 25, the date of his appointment, until June 21,—

Press Reference to Mr. Chevrier

I will not read any more. Of course we all know in this house that that salary is provided for under the Salaries Act and that it was a perfectly proper situation from a legal point of view for the hon. member for Laurier to draw the salary of that office.

Mr. Browne (St. John's West): Except for one thing; it was not voted by the house.

Mr. Pickersgill: No. It is a statutory item and is never voted by the house.

BUSINESS OF THE HOUSE

Mr. Pickersgill: May I ask the house leader what the business will be tomorrow?

Mr. Green: Tomorrow we shall commence with the estimates of the Department of External Affairs and then we will take those of the Department of Citizenship and Immigration. The business for Monday will be as I announced last night.

It being fifteen minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWERS TO QUESTIONS

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

OLD AGE SECURITY FUND

Question No. 145—**Mr. Carter:**

1. How much money has been paid into the old age security fund per month since June, 1957?
2. How much has been paid out of the fund each month since June, 1957?
3. What is the balance remaining in the fund at the present time?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1957	1 Tax revenues	2 Payments
July	$ 34,673,528	$ 37,243,491
August	27,532,716	37,404,202
September	27,347,745	37,603,839
October	33,113,957	37,772,572
November	27,948,318	45,103,858
December	26,989,134	45,130,810
1958		
January	37,223,344	45,069,461
February	26,519,543	45,238,234
March	35,383,973	45,819,368
April	29,435,999	46,397,139
May	38,434,850	46,565,376
June	28,872,232	46,198,244
July	34,208,007	46,234,831
Total payments		$561,781,427
Total tax revenues	$407,683,347	407,683,347
Excess of payments over tax revenues		$154,098,080

The excess of payments over tax revenues is met from time to time by temporary loans made by the Minister of Finance under the authority of section 11 (3) of the Old Age Security Act.

3. As of July 31, 1958 payments had exceeded tax revenues and temporary loans by $4,069.38.

COAL TENDERS, S.S. "BRANT"

Question No. 178—**Mr. Robichaud:**

1. Have public tenders been called for the supplying of coal for the S.S. *Brant*?
2. If so, who submitted tenders, what was the amount of each tender and the grade of coal in each case?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1 and 2. Tenders were invited from the following potential suppliers in Charlottetown for the supply of 950 tons bunker coal for delivery as required during the fiscal year period from April 1, 1958, to March 31, 1959:

Supplier	Grade of coal	Tender price
Arnfast Coal Co.	"Springhill" Coal	$16.50 ton
H. R. Large & Co.	" "	16.90 "
W. D. Gillis Co. Ltd.	" "	17.35 "
Alexis McQuaid	" "	17.65 "
A. Pickard & Co.	" "	18.50 "
Malone's Coal	Did not quote	
Bonar Dalziel	" " "	
City Coal Co.	" " "	

The order was placed with the lowest tenderer, Arnfast Coal Co., of Charlottetown, P.E.I.

SAINT JOHN HARBOUR COLLISION

Question No. 188—**Mr. Bell (Saint John-Albert):**

1. Did a collision occur between the C.P.S. ferry *Princess Helene* and pilot boat No. 6 off Saint John harbour on August 8, 1958?
2. If so, what is the official report of the Department of Transport regarding responsibility and damage?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. A minor collision occurred in the approach channel to Saint John harbour on August 8, 1958, between the C.P.R. ferry *Princess Helene* and pilot boat No. 6.

2. Both vessels were proceeding with caution in dense fog so that contact and resulting damage were very light. Repairs are estimated to cost about $330 for pilot boat No. 6 and about $700 for *Princess Helene*. The seaworthiness of neither ship was affected.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

231. Departmental administration, $1,441,494.

National Health Branch—

232. National health branch—administration, $230,370.

233. Administration of the Quarantine and Leprosy Acts, $578,051.

234. Immigration medical services, $2,789,628.

235. Sick mariners treatment services, $952,827.

236. Laboratory of hygiene, $892,723.

237. Public health engineering, $289,183.

238. Occupational health, $588,418.

239. Civil service health, $382,723.

240. Epidemiology, $72,197.

241. Administration of the Food and Drugs and the Proprietary or Patent Medicine Acts, $1,792,365.

242. Administration of the Opium and Narcotic Drugs Act, $220,795.

Indian and Eskimo Health Services—

243. Operation and maintenance, $19,404,348.

244. Construction or acquisition of buildings, works, land and equipment, $962,200.

245. Grants to hospitals which care for Indians and Eskimos, $295,000.

Northern Health Services—

246. Operation and maintenance, $736,944.

247. Construction or acquisition of buildings, works, land and equipment, $2,288,500.

248. Special technical services, $717,131.

249. Health insurance studies and administration of the general health grants, $162,402.

250. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $63,286,820, $48,000,000.

251. Grants to health and related organizations, as detailed in the estimates, $212,450.

Welfare Branch—

252. Welfare branch administration, $56,110.

Family Allowances and Old Age Security—

253. Administration, $3,031,361.

Old Age Assistance, Blind Persons and Disabled Persons Allowances—

254. Administration, $115,240.

255. Grant to Canadian Welfare Council, $32,000.

B—Civil Defence—

256. To provide for the civil defence program, $7,027,721.

Indian and Eskimo health services—

579. Operation and maintenance—further amount required, $61,875.

HOUSE OF COMMONS

Saturday, August 23, 1958

The house met at eleven o'clock.

PRIVILEGE

MR. PEARSON—FAILURE TO TABLE DEPARTMENTAL REPORT

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege affecting this house. It arises from the proceedings of yesterday when we were discussing the estimates of the Minister of National Health and Welfare. We discussed those estimates without having before us the report of the department which is required by statute, under the act setting up the department. It will be found in volume II of the Revised Statutes of Canada, 1952, as section 10 of that act. The last report from this department is for the period 1955-56; hence the provisions of the statute were not complied with when we were discussing the work of this department.

Attention was called to that fact by two members on this side of the house. Certain explanations were given, Mr. Speaker, which were not impressive, especially the explanation as to lack of facilities for printing. As perhaps some hon. members will recall, in 1945 I think it was, the report on the public accounts was not printed but was tabled, as required by statute, in manuscript form by the minister concerned. Lest anyone should think this is just a minor matter and should not be raised at this time, may I quote, in support of the seriousness of this matter, a statement made in the House of Commons on November 7, 1949, in connection with the alleged failure of a member of the government at that time to produce a report as required by statute.

I quote the remarks of the then member for Lake Centre, as recorded at page 1504 of *Hansard* for November 7, 1949 as follows:

> Parliament has the right to expect that ministers of the crown shall live up to the provisions of statutes passed by parliament; for if these be not lived up to, parliamentary responsibility ends, and a contempt of parliament occurs which should not be permitted to pass uncensured.

Later on page 1505 the same hon. member said:

> The government's action in this matter cannot be laughed off. It strikes at the vitals of our democratic system; for if we cannot rely on ministers of the crown or on the government to do those things which, under law, they are required to do, we in the opposition, instead of being able to accept what ministers of the government say and to believe that they are carrying out their responsibilities under the law, are actually placed in a position where we must begin to wonder. I doubt whether we would have had the report yet if the commissioner had not resigned and brought the matter to a head.

Mr. Diefenbaker: May I ask the hon. member to what that reference was made?

Mr. Pearson: The reference was made to a report under the Combines Investigation Act, which is not analogous to this report, of course, nor were the circumstances analogous.

Mr. Diefenbaker: No.

Mr. Pearson: Because, as I explained, there was no breach of law in that case. If the hon. member for Lake Centre, who is now Prime Minister, took the view that the circumstances in that case were of such importance that they warranted the use of such strong language, I ask what attitude should be taken with respect to this particular matter wherein a report has not been produced as required by this law; indeed, a report has not been made on this department since March 31, 1956.

Right Hon. J. G. Diefenbaker (Prime Minister): I think it was Mr. Churchill who once said that nobody should generate more steam than he can conveniently contain, and I think this probably applies to the words used by the hon. member at this time. I do not have the document before me to which reference was made, but my recollection is that my remarks at that time were not made about an ordinary report of which production should be made to the house but rather to the fact that there was concealment on the part of the then government of a combines investigation report, concealment for such a length of time that when it was finally produced it was too late for prosecution in accordance with the recommendations in the report. And when the hon. gentleman generates this amount of steam over—

Mr. Pearson: A breach of the law.

Mr. Diefenbaker: —a report which in the nature of things is one which is required to be made, I can only leave it to the house to judge the difference between the concealment of a report which resulted in action through the courts being denied and the failure to table a report, for which failure

no doubt an explanation has been given by the minister. In one case justice was defeated and in the other case—

Mr. Pickersgill: There was contempt of parliament.

Mr. Diefenbaker: In the other case it was one of those inadvertencies which should be brought to the attention of the house, but not in such extraordinarily exaggerated language.

Some hon. Members: Hear, hear.

Mr. Pearson: The Prime Minister's remarks make it necessary for me to add a word. The Prime Minister, of course, is an expert in concealed reports—

Some hon. Members: Hear, hear.

Mr. Pearson: —but the circumstances with respect to the earlier concealed report were not as stated by him. The Prime Minister himself admitted that he did not have the record before him. In any event, my question of privilege concerned an obligation under a statute which should have been complied with before we were asked to discuss the estimates of the department concerned. I think the words of the Prime Minister which I have quoted from *Hansard* do outline the seriousness of that kind of obligation which was infringed upon on the occasion in question.

Therefore I thought it quite right to bring this matter to the attention of the house. The Prime Minister, who of course is a great authority on parliamentary privilege and parliamentary rights, on this occasion seems not to appreciate the importance of this particular matter.

IRELAND

REPORTED POTATO SHORTAGE—ASSISTANCE BY CANADA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Perhaps the Prime Minister and the members of the house have read reports to the effect that in Ireland they are experiencing what is tantamount to a potato famine as the result of adverse climatic conditions, and that great distress is resulting. I ask the Prime Minister whether he has considered any way in which the government of Canada could help the Irish people, both in southern Ireland and northern Ireland, to meet the situation confronting them at the present time.

Right Hon. J. G. Diefenbaker (Prime Minister): Naturally there is every sympathetic feeling for the situation prevailing in Ireland. We recall that more than 100 years ago, when a similar situation was most serious, it resulted in mass migrations from that country to the great benefit of the countries to which those migrations took place.

May I say that there has been no consideration given as yet to this matter. No representations have been made, and indeed the matter had not been brought to my attention. But I can certainly say this: that having regard to the situation, if there are within our country, as I am sure there are, available supplies which will be acceptable to all of Ireland, whether north or south—and I am using that expression advisedly—I can say, and I know the hon. gentleman will join with me, that everything that can possibly be done by our country should be done and will be done.

TRADE

LEAD AND ZINC—REPORTED PRESSURE TO INCREASE UNITED STATES TARIFFS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question either to the Minister of Trade and Commerce or to the Secretary of State for External Affairs. It arises out of a Canadian Press report this morning which states that with the defeat in congress of the bill to provide mineral subsidies, pressure is being increased on the President to raise tariffs on Canadian lead and zinc.

Could the minister say what representations are being made to Washington, and what progress Canada is making in preventing this undesirable step being taken?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have not seen the press report referred to, but as hon. members well know our relations with Washington are very good at this time, as instanced by the action taken by the President the other day in permitting seed grain from Canada to continue to enter the United States despite a suggestion by congress that it should be excluded.

We are confident that similar action with respect to other aspects of our trade with the United States will have the same type of considerate treatment. The people at Washington are thoroughly well informed on the Canadian point of view on all matters affecting trade between our two countries.

REPORTED STATEMENT BY U.S. COMMERCIAL ATTACHÉ

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. In view

of the statement attributed to the commercial attaché of the United States embassy in Ottawa in an interview with the Canadian Press, to the effect that the Canadian manufacturers are missing many opportunities to sell in the United States market and that many Canadian businessmen just do not know how to make business connections in the United States and are losing a lot of business as a result; and in view of the number of officials of his department resident in the United States, can the minister inform the house if this state of affairs exists and if so what action is being taken to correct the situation?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to thank the hon. member for sending me notice of this question. I have read the press report attributed to the commercial attaché of the United States. I do not for one minute think Canadian businessmen are missing many opportunities in the United States. Our exports from Canada to the United States increased by 2 per cent and are at a total of $2.9 billion for last year, which is a very substantial amount of trade indeed, representing 60 per cent of our exports. That would not have come about unless Canadian businessmen were particularly enterprising in selling Canadian products abroad.

With regard to the number of officials of this department in the United States, I am glad the hon. member drew attention to that matter. We have 16 representatives of the Department of Trade and Commerce located at various points in the United States; in Washington, four; New York, three; Boston, one; Chicago, two; Detroit, two; Los Angeles, one; New Orleans, one; San Francisco, one; and Seattle, one, making a total of 16. These representatives of the Department of Trade and Commerce are constantly in touch with Canadian businessmen pointing out to them opportunities that exist for the sale of Canadian goods in the United States. Our Canadian businessmen are showing commendable enterprise in pushing the sale of Canadian products not only in the United States but elsewhere throughout the world.

LABOUR CONDITIONS

BRITISH COLUMBIA—FEDERAL INTERVENTION IN LONGSHOREMEN'S STRIKE

On the orders of the day:

Mr. Gabriel Roberge (Megantic): I should like to direct a question to the Minister of Labour or, in his absence, to the acting minister. Has the minister or the government been asked to intervene in the longshoremen's strike in British Columbia and, if so, what reply was made to the request?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): In the absence of the Minister of Labour I think I had better take that question as notice. I am sure the minister will reply on Monday.

NATIONAL DEFENCE

VISITS TO NORTHERN DEFENCE INSTALLATIONS—REQUESTS FOR TABLING OF REGULATIONS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on Monday last the Prime Minister said he would table the regulations governing visits to the D.E.W. line made under the agreement between Canada and the United States covering northern defence installations. May I ask him when we may expect the tabling of those regulations?

Right Hon. J. G. Diefenbaker (Prime Minister): I shall have that looked into at once, Mr. Speaker.

BUSINESS OF THE HOUSE

AGRICULTURAL PROGRAM—INTRODUCTION OF LEGISLATION THIS SESSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in view of the interest of prairie grain producers in the question of deficiency payments, I wonder if the Prime Minister can say when the long awaited legislation making up the agricultural program will be introduced in this house?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, that portion of the legislative program which will be brought forward for consideration at this session I would hope would be available by Tuesday or Wednesday.

SUPPLY

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

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

85. Departmental administration (including the former passport office administration), $5,533,081.

The Deputy Chairman: We are considering the estimates of the Department of External Affairs. The first vote is No. 85, which will be found on page 17 of the blue book, with the details on page 177. Before the Secretary of State for External Affairs begins his remarks, I assume he will be speaking for more than 30 minutes. I wonder, if he should, whether the committee at this time would

wish to give unanimous consent to extending his time beyond that period if he so wishes?

Some hon. Members: Agreed.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Chairman, I welcome this opportunity to give to the members of the committee a report on the proceedings of the special emergency meeting of the general assembly of the United Nations which was adjourned on Thursday evening last.

I have prepared a statement for the information of the members of the committee. That statement will have to do with an account of the proceedings, and then I will attempt to offer some evaluation of what was achieved there, the part the Canadian delegation attempted to play, and some ideas about the immediate and long-term future that the unanimously adopted resolution may have for the peace and security of the world.

I would begin, Mr. Chairman, by recalling very briefly why the emergency special meeting of the general assembly was convened. As we all know, Mr. Chairman, the immediate reason for holding this special emergency meeting of the general assembly was the fact that the security council on August 7 had under consideration complaints that had been made to the security council by Lebanon and by the Hashemite kingdom of Jordan concerning interference by other countries in their domestic affairs.

It had, of course, been hoped in the period immediately prior to that meeting that some means of resolving the issue involved might be found through the calling of a security council meeting of a rather special character, at which heads of state might attend and at which heads of states, great powers and others, could get together, formally and informally to discuss problems of the Middle East. Many of us had in mind that at such a meeting at a high level other countries which were not members, which were not represented on the security council but which were directly concerned with the problems of the Middle East, would be given an opportunity to present their views concerning those problems.

I am sure, Mr. Chairman, that hon. members will recall the Canadian government advocated the holding of such a meeting within the framework of the security council; but when it became apparent that further action in the security council was no longer possible, having regard to the lack of unanimity among the permanent members of the security council and the use of the veto by the U.S.S.R., the questions at issue were transferred to the general assembly and there was called by the U.S.S.R. an emergency special session under the procedures envisaged in the uniting for peace resolution of November 3, 1950.

At that time the Canadian government took the stand that since a solution of the Middle East questions was still to be pursued within the United Nations framework, we were prepared to support efforts within the general assembly toward the finding of a solution of those problems.

Without going into detail of the underlying reasons for the transfer of those complaints from the security council to the general assembly, I will simply say that the Soviet union apparently decided that it might stand to gain by such a change of forum which would afford a better sounding board for propaganda steps; but I would remind the committee that the United States government had placed before the security council a proposal that a meeting of the general assembly should be held, provided that the discussions and deliberations within the security council broke down.

There were three main statements of position at the start of the general debate at the emergency session of the general assembly, and those three statements afford a background for what happened in the next 10 days. The first statement was made by the secretary general on August 8, and I would interpolate here that by that statement on August 8 at the so-called pro forma meeting of the general assembly the secretary general indeed set the tone for a constructive debate. He outlined on that occasion what he termed some of the basic needs for action in the region of the Middle East and suggested the desirability of finding a formula by which the affairs of the states of the region could be looked at very carefully and whereby they could take a more positive attitude with respect to the affairs of their neighbours.

Second, in that introductory statement he emphasized the need of finding a formula to permit a United Nations solution to the problems of Lebanon and Jordan. Third, he held forth on the need for a co-operative approach to the economic problems of the Arab Middle East. While he made no specific proposals, he succeeded on that occasion in drawing the attention of the 81 nations represented in the general assembly to the important truth that the key to the problems of the region rests largely in the hands of the states of the area themselves.

The second important contribution made to the opening discussions at the emergency session of the general assembly was made by the President of the United States of America. On August 13 he successfully attempted to translate some of the principles enunciated

by the secretary general into positive proposals. Members of the house no doubt will recall having seen references to his six points in the press. He addressed himself in a positive fashion not only to the immediate but to the long term problems of the Middle East, and I would say here that in his address to the general assembly President Eisenhower insisted at all times that any remedy for the anxious situation there and any solutions to the problems must be put forward and carried out by the United Nations. He took great care to say that he was not suggesting that the United States alone should carry out these measures, but rather would promote solutions of short term and long term problems under the aegis of the United Nations.

I would mention in this context that the President emphasized, as did the secretary general on August 8, the need to recognize the right of the peoples of the Arab nations to determine their own destinies, and he stated positively that no one could ever envisage solutions to their problems which would be permanent if they were in any manner imposed on the nations of the Middle East.

The third statement to which I should like to refer is that made by Mr. Selwyn Lloyd, the foreign secretary of the United Kingdom, who promptly endorsed President Eisenhower's remarks. That is the background which set the stage for the very constructive and profitable debate.

However, I have a fourth statement in mind to which I should like to refer. At an early stage of the meetings of the emergency session of the general assembly we had the draft resolution and supporting statements of the Soviet union. Far from attempting to broaden or build upon the constructive approach that had been made by the secretary general, the President of the United States and the foreign secretary of the United Kingdom, the Soviet resolution was essentially negative, dwelling solely on the question of withdrawal of United States and United Kingdom forces from Lebanon and Jordan.

The Soviet resolution disregarded other Middle East issues, such as the economic issue and the political issue, that were directly involved in the deliberations of the security council and would have to be taken into consideration if anything constructive were to come out of the emergency session of the general assembly. Those were disregarded. The role assigned to the United Nations by the draft resolution of the U.S.S.R. would be that the secretary general would be given no opportunity to eliminate the underlying causes of tension in that area.

Furthermore, the accusing overtones of the statement by Mr. Gromyko when he presented the U.S.S.R. resolution, a statement which alleged aggression on the part of the United States and the United Kingdom, were clearly designed to be destructive, and held no hope or promise for reasonable and moderate discussion in the assembly free of propaganda of the cold war.

The Soviet resolution was the only one that at that time was before the emergency session of the general assembly, and may I also say here that it had no prospect of adoption because the majority of delegations recognized that this emergency session of the general assembly had been convened to do much more than simply arrange for the substitution of United Nations action for national action in Lebanon and Jordan.

That was the only resolution. By reason of that fact, the narrow and negative basis of the Soviet resolution, several countries wondered whether they could not offer to the general assembly a resolution that would be more constructive, one that would be much more satisfactory, than the one that had been proposed by the U.S.S.R.; a resolution that would lay the ground work for a comprehensive consideration of the problems of the Middle East; a resolution that would use the secretary general as its instrument, the instrument of the United Nations in this particular field of trouble and excitement; a resolution that would lay the foundations for durable peace and stability in the area.

So, as so often happens, it fell to certain middle powers to undertake the difficult task of devising a resolution which would seek to attain this objective, while at the same time taking into consideration the many widely divergent points of view and conflicting interests. So Canada and Norway found themselves playing a leading role in presenting to the general assembly a type of resolution that would be constructive and comprehensive as compared with the essentially negative one that had been presented by Mr. Gromyko of the U.S.S.R.

I seize this opportunity, Mr. Chairman, to pay a tribute to the devotion and the vision of the Norwegian delegation, and I single out among that delegation the Norwegian deputy foreign minister, Mr. Hans Engen, for his hard work, his tact, and his vision with respect to the formulating of a resolution that would accomplish those objectives to which I have referred. While that was going on and we were formulating this Canadian-Norwegian resolution there were other representatives, particularly in the Afro-Asian group, who were active in drafting their own resolution which reflected their over-

riding reoccupation with the question of troop withdrawal. The Norwegian and Canadian delegations, on the other hand, were striving, as I have indicated previously, for something much broader both in terms of assembly support and of what would enable the United Nations to attempt something by way of a permanent settlement; a resolution that would enable the United Nations, through the secretary general and otherwise, to get at the basic roots of the Middle East problem and not to deal only with the symptoms of that situation.

For our part we in the Canadian delegation kept certain principles and objectives clearly before us throughout the whole period of intense negotiation which led up to the introduction of the Canadian-Norwegian resolution, with which were associated five other sponsors. In the first place—and I dwell on this point, Mr. Chairman—we in the Canadian delegation wanted something which would command the support of the Arabs themselves; for it seemed obvious that there could be no durable settlement in the Middle East without not only the consent of the Arab countries but their active co-operation. It might have been possible—I think it would have been possible—for the Canadian-Norwegian resolution to carry the required two-thirds majority vote; but if the Arabs were opposed to that resolution, we could not look forward to any success in seeking to solve the problems of the Middle East.

The second principle that the Canadian delegation had in mind always—and I say again throughout the intensive negotiations—was that regional support alone, the support of the Arab countries, would not be enough or would not suffice without the complementary support and co-operation of the great powers, all of whom are committed in various ways in the disputes of the Middle East.

Third, the Canadian delegation was intent upon finding a reasonable solution satisfactory to all the principal states concerned to cover the problem that had been brought forward on many occasions, the problem of troop withdrawal. This would have to be something which would give to the United Nations and particularly to the secretary general a central role without, however, confining the mandate to the narrow issue of troop withdrawal.

It would at the same time—I refer to the draft resolution—we hoped create a situation by which the United Nations would be enabled to exert a benevolent and constructive influence not only in the present but in the future in the Middle East, through helping to establish an economic institution for the collective benefit of the Arab states and to provide perhaps an economic undergirding

—economics and politics are closely interlocked and intertwined—that would make for a new and happier basis for the relations not only among themselves but with the neighbouring states in the area. I say "among themselves". I am, of course, referring to the Arab nations; and I reiterate, not only to provide a new and happier basis for relations among themselves but also with the neighbouring states in the area.

We did not expect necessarily to have all these principles and objectives set forth in detail in the resolution. But what the Canadian delegation wanted was to find a starting point from which the objectives which I have endeavoured to describe here today could be pursued.

We were aware at the outset that we would have to rely on the ability and good offices of the secretary general to carry out both the letter and the spirit of the draft resolution. I will not attempt to recount in detail the long and intensive negotiations which went into the formulation of the seven power draft presented on August 18. We will look at the draft for a moment, but in a general way.

May I say that the draft was revised at least seven times as to context, which will indicate the care given to the particular views advanced by the various countries and groups of countries from time to time. At one time we believed we had a workable resolution, but then the attitude of the distinguished delegate from Jordan certainly surprised us and seemed to make it impossible for us to carry out the design which we had prepared for our resolution. Members of the committee may recall that the representative of Jordan in his statement to the general assembly appeared to reject any substantial role for the United Nations within Jordan, and he seemed to oppose on behalf of his government the presence of any United Nations representatives or any United Nations instrumentality within the territorial boundaries of his country with one possible exception, and one had to look through a magnifying glass to discern that exception. However, that roadblock was removed within 24 hours, when the Jordanian representative subsequently modified his position.

The essential elements of the resolution which we co-sponsored may be described in these words. It reaffirmed that all member states of the United Nations should refrain from action which might impair the freedom, independence or integrity of any state, which might cause civil strife or subvert the will of the people in any state; and it called upon all member states to observe these obligations especially in the area in question. It requested

the secretary general to make such practical arrangements after consultation with the governments concerned as were deemed necessary, and who could do this better than the secretary general? But he would have to do it on the spot.

May I refer for the moment to the U.S.S.R. resolution in this context. That resolution instructed the secretary general to go to Lebanon and Jordan for the purpose of supervising the withdrawal of troops, and nothing more. But our resolution, and I am not giving away any secrets when I say this, met with the entire satisfaction of the secretary general, although it imposed a great load upon him. In our final resolution the secretary general was to make such practical arrangements as he, in consultation with the governments concerned, might find would adequately serve to help in upholding the purposes and principles of the charter in relation to Lebanon and Jordan in the circumstances obtaining at the time in those countries.

In our resolution the question of withdrawal of the troops of the United States and the United Kingdom was not the subject of a specific provision, but in the preambular clause it was noted by the general assembly that declarations were addressed to the president of the general assembly in the letters written to him on August 18 by the representatives of the governments of the United States and the United Kingdom, in which they stated their willingness and desire to withdraw from Lebanon and Jordan respectively when the United Nations could take effective action to ensure, without regard to any regime or political party, stability and security in those countries.

Therefore the resolution sponsored by Norway, Canada and the five other countries did not, as I have said, expressly refer to withdrawals but implicitly made provision for the withdrawal of those forces by ensuring the mandate of the secretary general in the light of the United States and United Kingdom declarations as contained in the letters to which I have referred.

Finally, the seven power draft resolution —the Canada-Norway resolution—invited the secretary general to continue his studies with respect to the feasibility of establishing a stand-by United Nations peace force. Hon. members will recall that in this house during the earlier discussion on external affairs I expressed the view of the government in that regard, and we welcomed the insertion of a reference to a stand-by force.

In the seven power resolution there was also a statement to the effect that careful study would be given to the question of economic development in the countries of the Middle East, and it urged the Arab countries in explicit terms to study the representations made to them by the secretary general, which were endorsed by the President of the United States. It also requested the member states to co-operate fully in the carrying out of those studies and to assist in implementing the more positive and operative parts of the resolution. Finally, it invited the secretary general to report on his activities in trying to establish agreement among the Arab countries, the first of such reports being required to be made to the general assembly by not later than September 30, 1958.

While the seven power draft does conform to the principles and does meet the main objectives which had governed the Canadian approach, we were at the same time conscious of the shortcomings of that resolution. I endeavoured to make it clear, on behalf not only of Canada but of the other co-sponsors, in my statement in support of the resolution on August 19, 1958 that we were open to constructive suggestions with respect to its improvement. I stated particularly and at once that if it were to serve to secure great power and regional support we immediately conceded that the resolution could not be considered by any country or group of countries as perfect. In the atmosphere which prevailed on Tuesday of this week however, this resolution undoubtedly offered the only common denominator which would warrant broad support as a formula for the reconciliation of conflicting interests.

I referred once again at that stage to the negative aspect of the other resolution which had been tabled by the U.S.S.R. I stated on behalf of Canada that our resolution could serve as a point of departure to reconcile some of the conflicting interests, and expressed the hope that it would serve as a basis for discussion. It must be remembered that we had been negotiating for nearly a week and nothing positive had been put before the assembly in terms of a resolution. There was nothing of that kind on which to centre the attention of the general assembly other than the unsatisfactory and negative Soviet resolution.

There was a general and intense will—we could sense it—in the meetings of the general assemby to study anything which seemed to carry with it a plan for the future and not just a consideration of past events. This resolution gave a new focal point on Tuesday afternoon for the attention of the representatives of the nations who were in that hall on that occasion. In my statement

in support of the resolution I frankly admitted—and I say this for the third time in words other than those I have already used—the shortcomings of the text which was presented in the resolution, but I say without any conceit and without any lack of modesty that I have reason to believe that these observations by Canada's delegation gave some hope for a common point of view coming out of the Arab ranks.

While the debate on the Canadian-Norwegian resolution was taking place on Wednesday there occurred what was indeed a dramatic and sudden reappraisal from the Arab ranks as a whole, though I would say it was not entirely a surprise to some of us. This led to the submission of a new draft resolution to the assembly by all ten Arab states, and this new development altered the whole basis on which the assembly's discussion had been proceeding and led rapidly, on Thursday evening, to a unanimous vote in favour of the Arab resolution.

Canada, and indeed all the sponsors, and the United States, the United Kingdom, France and other great powers immediately expressed their willingness and happiness to join with us, the co-sponsors of the Canadian-Norwegian resolution, in this new development. Therefore it was particularly fitting, in the light of the article in the charter regarding the regional settlement of disputes, that it should have been the Arabs themselves who came up with this formula and provided a starting point for working out a solution to the issues which have wracked the Arab world and on more than one occasion have threatened the peace of the whole world. I am satisfied that the resolution meets most of the main objectives which the co-sponsors of the seven power resolution had in mind and, in fact, it draws heavily on the letter and the spirit of the seven power resolution which we had co-sponsored.

The Arab resolution contains three main elements. First, it reaffirms pledges already given by the Arab states that they will respect the systems of government established in the Arab states, and it calls on all members of the United Nations to conform with the principles of mutual respect for each other's integrity and non-interference in each other's affairs. This passage corresponds very closely in meaning to a similar passage of the seven-power resolution, but it expresses itself in terms which are more precise and which have a more particular relevance to the Arab and Asian world.

Second, the Arab resolution requests the secretary general to make such practical arrangements as would adequately help in upholding the purposes of the charter in relation to Lebanon and Jordan in the present circumstances. These are the exact words of the seven power resolution. But the Arab resolution, unlike the Norwegian-Canadian formula on withdrawal, refers expressly and exclusively to withdrawal in the text of the resolution in the words "and thereby facilitate the early withdrawal of foreign troops from the two countries". This is a more direct formula for dealing with the crucial question of troop withdrawals than had been attempted in the seven power draft, and I would remind those who might wish to scrutinize too carefully the wording of this section—"and thereby facilitate the early withdrawal of foreign troops from the two countries"—that this formula was accepted willingly by the United States and by the United Kingdom.

May I quote to the committee the words of the secretary of state of the United States when he said they would heartily endorse the Arab resolution. These are his words:

> The United States rejoices at the prospective assumption by the United Nations of the responsibility which we reluctantly assumed in an emergency and are eager to lay down.

He was followed immediately by the foreign secretary of the United Kingdom who stated, in effect, that the quicker the practical arrangements contemplated in the resolution could be made on a realistic basis, and here I quote, "the sooner it will be possible for us to withdraw our troops". The Lebanese and the Jordanians accepted this Arab resolution voluntarily, and the United Arab Republic pledged its earnest support for the fulfilment of the engagements which were set out in the resolution relating to this matter. I shall return to this point in a moment.

The third element in the resolution consists of a repetition of the provision in the seven power resolution inviting the secretary-general to continue his study with a view to possible assistance regarding an Arab development institution in the economic field, and to provide for this under amicable political arrangements.

I say frankly that there are two elements which I would like to have seen included in the Arab resolution. In my statement in the general assembly in support of the Canadian-Norwegian resolution I expressed the hope that there might be concluded an interlocking network of non-aggression agreements which would guarantee the independence and integrity of each and all of the Middle East states. I had in mind particularly the relations of the Arab states with their non-Arab neighbours.

That is not in the resolution. Members of this committee will be glad to hear, however, that from the remarks of some of the Arab leaders representing several of the Arab countries, made in support of their resolution, there is reason to hope that the cordial relations now established among the Arab states will be carried forward into their individual and collective relations with non-Arab states of the region. I look upon this as a result which can logically flow—and in some measure I expect it—from the activities which the United Nations through its secretary general will shortly be undertaking in this area.

The only feature of the seven-power resolution which failed to reappear in the Arab resolution was the reference to the United Nations peace force. That is not in the Arab resolution, whereas it was in our resolution. The text of that part of our resolution urged the secretary general to continue his studies with respect to the establishment of a peace force under the flag of the United Nations, and our purpose was to insist that this item be on the agenda of the thirteenth regular session of the general assembly which will begin on September 16.

I must admit, however, that in a resolution dealing with the Middle East situation it is hardly relevant to put in a paragraph that refers to a United Nations agency that could operate not only in the Middle East but throughout the world. I assure hon. gentlemen of this committee, however, that this omission need not be regarded as significant. It has been definitely stated that it will be on the agenda of the thirteenth regular session of the general assembly to which I have referred. To have pressed it at that time which I should like to have done on behalf of the Canadian delegation, would have revived widespread anxieties concerning the use of force for the settlement of international disputes, even though that force would operate under the United Nations flag. Bringing in that extraneous matter might have delayed a solution which holds out the promise of a settlement of disputes in relation to a particular area. But I say this very carefully, Mr. Chairman; it is a matter which deserves extremely careful study.

I should warn hon. members of the committee that I was conscious of a deep division of opinion within the assembly on this whole question of a stand-by force, a division that grew deeper and deeper during the succeeding days of the debate. There are many practical problems to be faced, not the least of which will be a decision as to who should be the final arbiter of when political or military circumstances would justify the use of a United Nations armed force. This was impressed upon me as the debate proceeded. But I say again it is now under study by officials of the United Nations, and there will be an opportunity to consider this more carefully in the meetings of the assembly that will begin next month. It is the armed aspect, the police aspect, of any proposal that would carry with it the suggestion that it should operate under the flag of the United Nations that worries many of the nations, small and great.

I look upon the Arab resolution as an evolution from and fulfilment of the seven power resolution with which Canada had been associated and one, moreover, which holds out better prospects for peace in the Middle East. Why? Because this formula and this resolution have come out of and were proposed by the Arab states themselves, and have won the unanimous support of all members of the United Nations including—and I would emphasize the importance of this—the approval of all the great powers. Mr. Gromyko expressed his intention to vote for the Arab resolution. He could not afford to do otherwise. He could not afford to vote against the Arab resolution; yet at the same time he fell back on propaganda and said, "This is really what we were after when we called for the emergency session of the general assembly". And so we have regional support, indeed a regional genesis, of the Arab resolution and we have the approval of the great powers. It was a unanimous decision. That is one of the principles we in the Canadian delegation had in mind when we began, in association with the Norwegians, to formulate a positive, creative and comprehensive resolution to present to the assembly.

The secretary general will be leaving for the Middle East on Monday afternoon. I saw him yesterday at a luncheon, and I could say that despite the inherent modesty of the man he has a certain self-confidence with respect to the success of the role that he will play in the next one or two weeks in the Middle East that will be of assistance to him in translating into practical and successful action the mandate he has received from the assembly. In accepting that mandate the secretary general is adding to the already heavy burden of responsibility which he has been called upon to assume in recent weeks, and none of us should underestimate the difficulties or delicacy of the new tasks we are asking him to assume. This is related to the solution of these problems.

The fact that his mandate is a broad one, leaving him wide discretion to consult and act on his own initiative as circumstances may require, is a tribute indeed to the confidence which the assembly, speaking

with a unanimous voice, reposes in his skill and integrity. I am sure I reflect the opinion of hon. gentlemen on both sides of this house when I say Canada shares in that confidence in the secretary general. We must now hope most earnestly that the unanimity that was found in New York will be fully reflected in a co-operative attitude on the part of all states concerned in order that the United Nations, which the secretary general so wonderfully symbolizes, will be successful in bringing about a new era of peace and stability in the Middle East.

The unanimous adoption of the Arab resolution has been eminently satisfactory, but we now need deeds. I am not discounting my hope and indeed my expectation when I say that now is the time for deeds on the part of the states concerned to achieve a practical realization of that resolution. As the secretary general leaves New York on Monday afternoon I hope he will carry with him the thoughts and prayers of everyone who voted for that resolution.

I have referred to certain documents, resolutions and a declaration of intention, and for the benefit of hon. members of the committee I now propose to table them.

I have one further reference to the present international situation. I would say, Mr. Chairman, that there were two events yesterday in many ways of equal significance to the unanimous adoption by the emergency session of the general assembly of the Arab resolution. Those two events were the announcements on the part of the United States and the United Kingdom to the effect that they would be willing on October 31 to begin negotiations with the U.S.S.R. for an agreement that would provide for the cessation of nuclear tests. That would be a tripartite agreement or two bilateral agreements. I have expressed the hope that those agreements could be sealed under the United Nations.

I would remind the members of the committee, Mr. Chairman, that for several months the Canadian government has urged that such an agreement should be entered into, and that is why we urged the holding of a meeting of nuclear scientists at Geneva. We had hoped that in a cool atmosphere the scientists could find a satisfactory arrangement with respect to the detection of nuclear tests which would lead and indeed point the way to a political agreement in that regard. No doubt Canada, geographically speaking, must be used to station the equipment or instruments or whatever techniques have been suggested by the scientists at Geneva, but as the Prime Minister said yesterday Canada will be eager and willing to do her part in implementing such an agreement. That is not disarmament, Mr. Chairman, but it points the way to disarmament. It prevents further armament, if you allow me to put it that way.

We had hoped, Mr. Chairman, that within the next few months it will be possible to convene a group of experts, such as those who met at Geneva in the last few months, who would study control techniques and control devices that would prevent the possibility of surprise attack. With that hope and the statements yesterday of the United States and the United Kingdom with respect to their proposals to the U.S.S.R. and the unanimous decision of the emergency general session of the general assembly, I feel better about the international situation than I have felt since I became a member of this house. But words will not be enough.

Mr. Pearson: Mr. Chairman, my first words must be those of appreciation to the minister for the statement he has just given us, and words of welcome home to him from the United Nations special assembly which has just completed its work. I know how hard he must have been working there in recent days. I know what it involves in terms of preparation of public statements, and I know what it involves in terms of working behind the scenes. I suspect that last week-end he did a good deal of that, not only working behind the scenes but constructing scenes behind which to work, plugging loopholes in the scenes as he got them constructed, and trying to get people to work with him behind those scenes.

The result of all that activity was the introduction of a resolution in the assembly later in the week by the delegation of Norway, headed by a very distinguished man with whom I have had the privilege of working in the past. It must have been, I think, in a way disappointing to my hon. friend and to the other sponsor of that resolution that at the last moment, it was replaced by the Arab resolution which, to my way of thinking, was not as effective for the purpose for which it was designed as the seven power resolution but which for other reasons was perhaps inevitable. I shall have something to say about that later.

I know also that the minister in his work in the United Nations, indeed in his work in the department, has had the advantage of the services of a highly skilled body of experts. This, Mr. Chairman, gives me the opportunity to pay my tribute to the work of the Department of External Affairs both at home and abroad, and to the work of the officials in that department at all levels of official activity. I know from the records of the committee on external affairs—indeed, from

the meetings I attended—that the work of the department is continuing to expand. Important new offices are being opened and I am sure that is all necessary; and if it is necessary it is desirable. I do remember, however, that not so many years ago the expansion of the activities of the Department of External Affairs in the opening of embassies abroad was greeted in some quarters in this house with some hesitation as unnecessary extravagance.

I am quite certain that no governmental work is more important to the people of Canada than that of the Department of External Affairs, dealing as it does with our relations with other countries in this difficult and critical time in the world's history. I know we are very fortunate in this country —and I am sure the minister will agree with me—in having a foreign service second to none in the world to help him in that work.

We have built up over the years in that department a great body of professional help. One reason, I may suggest, why the department does operate effectively as I think it does, is that it has been made clear from the beginning that the headship of every post in the foreign service of Canada from the most junior, from the least important mission abroad to the most important mission, is open to any member of that service who may qualify for that position; and that there has been no interference of any kind in the work and in the legitimate ambitions of the members of the service. I hope, and I know, it will continue that way.

The minister quite rightly has confined his remarks largely to the work of the special assembly and I shall have something to say about that. I should also like, however, to take advantage of this opportunity—it may be the last opportunity that we shall have—to discuss some other aspects of external affairs and deal with one or two other matters. But first, Mr. Chairman, let me deal with the work of the special assembly which the minister has covered.

I continue to believe, and I suspect that the minister would not be in too violent disagreement with me, that the best method of dealing with what has been called the Middle East crisis, which arose out of events in Iraq, Lebanon and later in Jordan, would have been a small, informal, confidential conference at the summit, to use the expression we have come to use now; a conference which in its representation would consist of those most concerned, a conference which might possibly have elaborated policies which would have prevented this kind of thing and which would prevent a recurrence of it in the future. When I have advocated that machinery for dealing with this crisis I have not had in mind, of course, that this involved in any way the by-passing of the states most directly concerned, the Arab states and Israel, or the by-passing of smaller states generally. Nevertheless it will not be possible at the United Nations or elsewhere to work out policies which will result in stability, progress and peace in this part of the world unless the major powers can get together and try to co-ordinate their policies in that region.

I thought and I continue to think that the head of the Soviet government, Mr. Khrushchev, gave us a remarkably good opportunity to make or at least attempt to make some progress in that direction when he invited the heads of the governments of the United Kingdom, the United States, France and India and the secretary general of the United Nations to join him in that kind of conference. I still think this invitation should have been seized upon as preliminary to the kind of discussion that would later take place in the general assembly of the United Nations. As we all know, that invitation bogged down through a complicated exchange of diplomatic notes, a maze of correspondence, and eventually Mr. Khrushchev escaped from what I believe was an increasingly embarrassing situation for him, after he had second thoughts as to the kind of meeting he had invited, consisting of representatives of the three western powers, a friendly member of the commonwealth and the secretary general, by switching the invitation, because of the delay on all sides in doing anything about his first proposal, to a meeting of the general assembly which as the minister pointed out, had already been put forward from other quarters.

The minister said in his observations that perhaps Mr. Khrushchev thought he might have something to gain from transferring the discussions to the general assembly. I am inclined to think that Mr. Khrushchev might not have had, on the other hand, a completely free hand in his action at that time because it took place, as the committee knows, shortly after the visit he paid to Mao Tse-tung in Peking. It might well have been that at that meeting the Chinese communist leader, recognizing that Mohammed could not go to the mountain and the mountain could not go to Mohammed, decided that there would not be a mountain at all so instead of a summit conference, an emergency meeting of the 81-nation general assembly was held, on which the minister has reported. The London *Economist*, a magazine from which some of us often quote and which a good many of us read, had this to say in the first paragraph of its leading article on August 9:

> The summit seems to have vanished like a Middle East mirage. Instead of scaling exhilarating peaks

the summiteers face the prospect of plodding through the vast and dusty expanse of the 81-member United Nations assembly. To come down to earth so abruptly and land in this field full of folk is enough to make anybody feel flat; and it is hardly surprising that all concerned are scouring the plain for scapegoats.

As the minister has pointed out, the results of this meeting on the plain were better than that. Indeed some of the things that many people, myself among them I confess, feared from a meeting of this kind, that it would degenerate into an exchange of propaganda insults and be completely negative in character, did not, thank goodness, materialize. Perhaps we owe a debt of gratitude for that result especially to the President of the United States, who in his opening statement set the tone of the meeting on a pretty high level. Therefore the results, although they may not have been all that we hoped for or, indeed, that the minister and the government hoped for, were certainly not those which might have been feared.

It is perfectly true that as a result of the emergency session of the United Nations assembly the sense of crisis which we had a few weeks ago has diminished. In my view, however, it is also true that the underlying problems which served to produce the crisis have not been dealt with. What the United Nations assembly has done is give the governments concerned another chance to deal with these problems.

The minister, speaking from the United Nations in New York, was quoted in the press last night—I think he used the same expression this morning—as saying that the Arab resolution is regarded as eminently satisfactory, and according to this report he went on to say, although I do not think he went so far this morning:

All delegations will feel a sense of gratification at the respect for the charter that has been demonstrated—

I think we can all subscribe to that.

—and at the happier era now lying before the Arab states in their mutual relations.

I hope he is right. If the wording of the Arab resolution is carried into action, and the minister was careful to make this condition, then perhaps we can look forward to that result. I am quoting this statement because I have the text of it and perhaps will be more accurate in my references to it than I would be if I were to try to remember the exact words the minister used this morning. The minister went on to say:

All of these—

Certain considerations he had mentioned.

—are adequately met by the Arab resolution. It provides a satisfactory code to govern the mutual relations of the Arab states.

[Mr. Pearson.]

From my reading of the resolution I think that is correct, but I would point out to the minister, undoubtedly he does not need to have it pointed out to him, that this satisfactory code which is embodied in the resolution, at least in paragraph (a) of the resolution, the code to which he was referring, is taken from a previous pact setting up the league of Arab states and in its second paragraph, if I am not wrong, from the Bandung resolution. Therefore this particular code which is now embodied in the resolution in this form has already been in existence for some years. So we can only hope that putting it in a United Nations resolution which has been accepted by every member of the United Nations will in fact provide a better opportunity for using it to govern relations between these states than has been the case in recent years. To that extent I think we can all take a good deal of satisfaction from the resolution.

But, Mr. Chairman, the fact remains, as I said a moment ago, that the underlying problems which brought about this trouble in the first place are still there. The United Nations activitiy in this regard has been beneficial. There is no doubt about that. But I am not sure that the United Nations assembly on this occasion is not in about the same situation as it was a couple of years ago over Suez, when we were I think able down there to resolve an immediate crisis but did not take advantage of the atmosphere of crisis to get down to the problems that brought about the crisis.

And so we find ourselves in the same situation on this occasion. This Arab resolution was essential perhaps to resolve the immediate crisis, and perhaps it has done that. However, it will not be successful unless these basic problems are dealt with. As the minister and other members of the government must know, in these international matters once the immediate crisis passes we are inclined to forget the situation which brought it about, and to do nothing about it until we have another crisis. I hope that will not happen on this occasion.

Mr. Diefenbaker: What the hon. gentleman has been saying is very interesting. Would the hon. gentleman say what these basic issues are? I am very much interested in hearing whether they are a continuation of those that existed two years ago. I have been following the hon. member very closely.

Mr. Pearson: Yes; in a sense I think they are a continuation of those which were in existence two years ago. Some of them perhaps are new, but certainly some of them were in existence then. I will mention one or two of them. The first one that occurs to

my mind is the inability—and I make no criticism of anybody or any country in this regard—the demonstrated inability in this crisis to take any action that would improve relations between Israel and her Arab neighbours. It does not seem that we are going to escape from this dangerous situation in the Middle East unless something is done about that matter. When I say that, I have no illusions about the difficulty in that regard.

Mr. Smith (Hastings-Frontenac): May I ask the hon. member a question?

Mr. Pearson: Yes.

Mr. Smith (Hastings-Frontenac): Did the hon. member appreciate my reference to that particular problem?

Mr. Pearson: Yes, I did appreciate it. As I said, in making these particular references and giving these illustrations I am not attempting to be critical in any way of what the government did or did not do at the United Nations assembly. I am quite aware of the fact that this matter could not have been dealt with at this special assembly at the United Nations, and I am quite aware of the fact that the minister referred to it. I read his speech in regard to that matter. He made reference to it in a way which I thought was helpful.

Nevertheless, until the international assembly and the governments most concerned are able to do something in a constructive and practical way about this matter, I am afraid we shall continue to move from critical situation to critical situation. While this is not easy of accomplishment, I hope that perhaps we shall soon be able to make progress in this particular issue of the relations between Israel and its neighbours because, as I say, it is rather basic to the whole situation out there.

Then there is the economic situation as mentioned in this Arab resolution. It was mentioned more effectively, I think, in the seven power resolution. I do not see how the nations of the Middle East area can really work together on these economic matters which are so important unless some recognition is given to the position of Israel in this regard. So here is another example of the interrelationship of politics and economics.

Then there is the question—the minister mentioned it this morning, and he certainly tried to do something about it in New York—of United Nations machinery. I am not now thinking of economic machinery, but of United Nations political machinery. He does not like the word "police" and I know why. It arouses the wrong kind of feeling in certain quarters. My reference is to the recognition of the importance of some United Nations political machinery which will be available to be moved into areas of difficulty. The minister pointed out that this is a complicated and difficult business, and that there are nations represented at New York who are worried about the principle involved, namely that of putting force behind the United Nations. No doubt some smaller countries are afraid that, if that is done, the force could be used against their interests.

But while there are difficulties, and I appreciate them, surely they are not of a kind to prevent us from trying to bring about a situation in which we shall have some permanent stand-by United Nations police machinery. I am not thinking of a United Nations force of the type we discussed in 1945, 1946 and 1947, in which would be included contingents from the great powers. That is an impossibility in the present situation. I am not even thinking about Trygve Lie's United Nations police force, his legion or whatever he called it. I am thinking now—and I have mentioned this many times previously, as have other members—of the desirability of setting up a central headquarters in New York of the kind which we were obliged to set up so quickly for the Suez operation, and the desirability of governments making available on request to that headquarters of the United Nations a force which might be required for a particular operation.

The minister said that one of the difficulties was as to who would make the decision, and how it would be made, which would bring this kind of machinery into action. Of course that is a difficulty. But I have in mind only having those forces available when that decision has been made. We have now had two or three illustrations of how it can be done, and also some of the jurisdictional problems of a force of this kind, and of the agency governing the force, have been worked out in practice. It is now fairly clear that you cannot use a force of this kind for any purpose whatever except by agreement at the United Nations and by agreement with the country in which the force operates. Although it has difficulties and although it has handicaps, it is an important thing to do. The minister himself has underlined the importance of this.

I was glad to hear him say that while in this Arab resolution there is no reference to a force of that kind, although there was a reference in the seven power resolution, nevertheless this matter is to come up for consideration at the next assembly. That will be meeting in two or three weeks. I would hope that this matter will be considered as one of the priority items on the

agenda, and that we shall be able to make some effective progress in that regard. The fact that it is not mentioned in the Arab resolution is a little disappointing, in my opinion, but perhaps not too important in view of the fact that it will be discussed.

The Arab resolution, which I have before me and which I think is not as good a resolution as the seven power one but which I recognize had a certain advantage in the fact that it obtained unanimous support, which I doubt the seven power resolution would have obtained, does, as the minister pointed out, lay down this pledge of non-interference. This pledge has already been given previously but it is good to have it repeated in a resolution which was passed unanimously by the United Nations assembly.

It is a strange clause, if I may say so, to an outsider who has not been concerned with drafting it. I know what goes on down there in the drafting of resolutions, and the changes that have to be made until the final resolution sometimes is understandable only to those who have been in from the beginning. The first operative paragraph of this resolution, or the part of it which I shall read, is as follows: The United Nations assembly—

> —welcomes the renewed assurances given by the Arab states to observe the provisions of article 8 of the pact of the league of Arab states that "each member state shall respect the systems of government established in the other member states and regard them as exclusive concerns of those states" and that—

And here is another quotation.

> —each shall pledge to abstain from any action calculated to change established systems of government.

The normal and obvious interpretation of this is that they pledge themselves not to change even their own form of government, but I take it that is not what is meant by the resolution. Then in paragraph 2 there is a very interesting phrase which could be used to facilitate the development of the economies of the Arab states and to facilitate what surely is essential if there is to be stability in that area in some form namely the equalization of resources and income and wealth among the various states. There is a reference in this agreement which might be used for that purpose, and that is the one calling upon all Arab states to act strictly in accordance with the principle—I am leaving out some of the words—"of equal and mutual benefit." If that were to be put into effect among the Arab states some very important changes indeed would be required.

In the Arab resolution, as the minister pointed out—and this is in contrast to the seven power resolution—there is in a rather complicated and ambiguous fashion a reference to early withdrawal of foreign troops from the two countries, Lebanon and Jordan. No one should take exception to that, because that is the declared policy of the two countries whose forces are presently stationed in these countries.

I think we can hope that this withdrawal will be brought about as quickly as possible. I wish to return, however, to the desirability of pressing ahead in the United Nations to set up the machinery so that if we face this kind of problem in the future, or something similar to it, that there will be something upon which the United Nations can count for quick action.

The President of the United States had something to say on this matter at a press conference two days ago. I was a little discouraged, perhaps unnecessarily so, by his remarks when he was questioned about it. He is reported in the New York *Times* of August 21, 1958 as saying the following with reference to a United Nations stand-by force:

> —it is one of those things that I think has to develop and to come about with the growth of common sense and a little bit greater spirit of tolerance among nations.
>
> I think it is a very fine thing. I think it is one of those things that probably will not be done exactly at this moment.

I agree that it will not be done exactly at this moment, but I do hope it will not be delayed too long, because I think it would serve a very useful purpose, if only as a foundation for the effort to put force behind our law and establish a more effective way of dealing with these matters in the future.

Mr. Diefenbaker: Would the hon. member permit a question? Having regard to his experience in 1945, 1946 and 1947, to which he made reference, I am sure he will agree that at that time we felt there should be set up some international force. Would he consider it amiss if I ask him what actually happened to deny the achievement of those hopes which were so apparent at San Francisco? What was the reason no action was taken?

Mr. Pearson: I attended the meeting of the committee at San Francisco dealing with this aspect of the charter. When the charter was drafted at San Francisco it was felt that the countries having the greatest responsibility for the maintenance of international peace and security were the permanent members of the security council. Any force behind the charter would therefore have to come primarily, though not exclusively, from those permanent members of the security council. If they could agree on the development of an international peace force of this type, with British, United States, Russian and Chinese forces, there would indeed be something which could keep the peace.

Such a force, however, could not go into operation without a decision of the security council, not the assembly. As each security council member had a veto, no decision could be taken unless they were all in agreement. It became clear that they would not be in agreement shortly after the charter was drafted and therefore the machinery which was set up, as I said in the last debate in this house on external affairs, is still formally in existence; the military committee of representatives of the permanent members of the council, this machinery was never able to operate, not even to the point where a plan could be produced for an international police force. There was a Russian member on that committee.

As the futility of the security council as an agency for putting force behind the law became more and more apparent, we had to fall back upon the assembly, where the veto does not operate. As hon. members know, recognition of the necessity for that change was given when we passed the uniting for peace resolution in the assembly, in 1950, and any action that has been taken since that time in this field has been under that resolution through the general assembly, where only a two thirds majority is required. Action is therefore limited, because without the cooperation of the great powers it is idle to talk about any large force to maintain peace.

No United Nations police force of the kind I have mentioned could do that, of course. But what it could do, this is something which has been recommended many times in this house by many hon. members, including the Prime Minister himself, is move into disputed areas under the flag of the United Nations, to represent the international communities in those areas of disturbance, those areas which are uneasy under an armistice settlement agreed upon by governments, in order to make sure that those settlements are observed and that the disturbances do not erupt into violence.

This has been done in the Suez area during the last year and a half. The United Nations observers are not doing the same kind of work, though not working under the same circumstances as outlined above but those observers have been effective in another way in Lebanon. The same kind of thing is being done, though again in a different way, on the borders between Pakistan, and India and though not immediately under the United Nations but still representing the international community, a very effective job has been done in Indo-China.

This, however, is not the kind of thing we had in mind at San Francisco when, hoping that the great powers would work together to prevent any outbreak such as that through which we had just passed during world war II, we thought at least we would have enough force behind a United Nations organization not only to prevent small skirmishes growing, if there were small skirmishes, but also to enforce law by an overwhelming force which would be at the disposal of the international organization. As has been said by a justice of the United States supreme court, this is still a gleaming dream of peace, but it is not even within the bounds of realization at the present time. So we have to fall back on the kind of thing the minister is talking about and which is going to be discussed at the next assembly, which I hope will result in some progress.

There was one other aspect of the assembly deliberations which caused some uneasiness to me which was perhaps also felt by other hon. members of this house. That was the tendency in certain quarters to assume that it is the function, the duty and the obligation of the United Nations to do something about indirect aggression, and that if we could not deal with indirect aggression we would not be able to deal with direct aggression. Indeed, we are not so likely to have direct aggression but are much more likely to have trouble arising out of indirect aggression,—the interference of one country in the affairs of another country in order to bring about a change in the status of that country.

I know that we all realize that this is the way the communists operate, and it is quite likely that we may not be faced in the near future with the dropping of hydrogen bombs but with infiltrations across borders, economic, political and social. It is important to try to do something about this, but I think we are on pretty dubious ground when we try to have discussions of the kind we had in the United Nations special assembly in this crisis in the Middle East on the necessity of dealing with indirect aggression through some form of the United Nations machinery. We might as well be frank about it; every great power does use its influence across the borders of other countries to bring about in those countries a state of affairs which will make those other countries more friendly to the power whose aim it is to aggress in this indirect way.

Russia and other communist states make this a major instrument of their national policy; there is no doubt about that. But when we accuse them—and we have every right to accuse them—and when we ask the United Nations to do something about that kind of aggression, we invite the kind of retaliation which we undoubtedly will get in the United Nations assembly. Nobody is

guiltless, and I do not think it will get us anywhere in terms of United Nations resolutions.

Yesterday I read in the press that the United States congress had appropriated another $10 million for the "Voice of America" to increase the effectiveness of its broadcasts to other countries, perhaps to the Arab world and behind the iron curtain. No doubt this is desirable if we can get to the people of those countries, but the governments of those countries perhaps consider it, quite unjustly from our point of view, a form of indirect aggression. Therefore any effort to make too much out of this at the United Nations merely involves charges and countercharges and does not get us very far.

There are two or three other matters I want to discuss, and perhaps the minister will be able to deal with some of the points I venture to raise. The first is the situation with regard to NATO. The United Nations has at the present time once again shown its indisputable value under the leadership of its secretary general. I was going to say "under the leadership of its indispensable secretary general". We have learned over the last two or three years that there are no indispensable men, but if there is any man who is near to being indispensable, however, it is, I suggest, the secretary general of the United Nations; and the value of his leadership has been well demonstrated. However, we must not forget that another of our defences—and I am talking now of military, not political, defence—is the North Atlantic treaty organization. Anything which weakens that organization weakens our defences until we can do away with that organization entirely and bring defence under the United Nations, and we are a long way from that.

All members of this committee are, I am sure, worried about disputes within the North Atlantic treaty organization. The minister said on another occasion, and I was glad to hear him say it, that political consultation within the NATO council was closer and more constructive today than perhaps it had ever been before. That is all to the good, and there is a blueprint in the report of a NATO committee which does, I think, lay down the lines on which such consultation can be effected. We have to develop this kind of consultation, both political and economic, or NATO will not ultimately survive.

But against these more hopeful signs of the development of consultation must be set the fact that within the NATO circle there are dangerous disputes between NATO members. I note one major dispute, over Cyprus, in which three members of NATO are involved, perhaps more than three. The Prime Minister of the United Kingdom has recently been making imaginative efforts to bring this conflict to an end. It is a little depressing to realize that there are so many British troops required in Cyprus and that this might be one of the reasons, though not the only one, of course, why Britain has had to cut down her forces on the continent of Europe.

That is one dispute. Another concerns Algeria. Algeria is geographically inside the NATO area and an attack on Algeria, we might remind ourselves, is an attack on Canada within the terms of the North Atlantic pact. Therefore it is a matter of immediate concern that we should do all we can to help find a solution to this problem. I think all members of this committee must have been struck by the imaginative, constructive, and liberal—spelled with a small "l"—approach to this question by General De Gaulle. Let us hope he will be successful in solving this dispute. It is not a NATO dispute in the sense that two NATO countries are involved, but it is to the extent that one country which is an important member of NATO has had to bring most of its troops from the NATO line and send them across the Mediterranean. It is a dispute which involves NATO in that sense.

Then unfortunately there has developed in the last few weeks a dispute between two NATO countries, Iceland and the United Kingdom, which cannot do anything but cause distress among other NATO members and, indeed, in other countries as well. The origin of this affair arises out of a decision of the Icelandic government made under an Icelandic act to assert control of the continental shelf, something which was agreed to at the recent Geneva conference in so far as the exploitation of the resources under the sea is concerned.

Operating under this act the government of Iceland has extended its territorial waters to 12 miles from shore and in doing so has come into conflict—according to the reports, bitter conflict—with the United Kingdom, which historically has claimed fishing and other rights on the high seas up to the three mile limit. The press tells us that a United Kingdom trawler fleet is going off in a few days to its fishing grounds which are now, under Icelandic law, within the territorial waters of Iceland, and we also read in the press that if there should be any interference with the British trawlers the necessary naval protection will be given to the British vessels. That is unhappy reading for any member of the North Atlantic treaty organization which values its relationships with both Britain and Iceland.

As is inevitable in a situation of this kind, the Soviet union has rushed in to exploit it. I read in the press the other day that not only have they showed their sympathy with Iceland in this dispute, but that they have offered Soviet credits to help build an Icelandic trawler fleet which would be of great help to Iceland in the same way as the Soviet offer to help buy the fishing output of Iceland has been of help to her.

It would be a tragedy, I think, if anything developed which would force Iceland out of NATO, and we must all hope that nothing of that kind will happen. I appreciate the British difficulties in this regard, because this is a very important matter to them in view of the value of this fishing ground, but the situation has been made even more difficult for Britain by the fact that the Soviet union has for many years—perhaps going back as far as the establishment of the Soviet state; I am not sure—maintained its claim to a 12-mile territorial water zone. There has been no effort on anybody's part, as far as I know, to challenge that claim. Hon. members will therefore be able to appreciate the difficulty in which the United Kingdom government is placed.

I am suggesting, before we call it one o'clock, that because of our very close relationship to Iceland—I have been there myself and talked to the government and the people, and I think it is true to say that there is no country with which Iceland has a closer relationship than Canada—having regard to that fact and, perhaps, to our even closer relationship with the mother country, perhaps this is a situation in which Canada could offer her good offices for mediation which could be helpful in this case and prevent this dispute coming to a clash.

We must all hope that nothing like this will happen, but some of the reports in the last few days have indicated that if something is not done we may be in serious trouble, not only inside NATO but in trouble which would affect the whole north Atlantic defense position of which Iceland is a key base.

At one o'clock the committee took recess.

AFTER RECESS

The committee met at 2.30 p.m.

Mr. Pearson: Mr. Chairman, before lunch in commenting on the minister's interesting statement of this morning I had attempted to deal with some aspects of the crisis in the Middle East and had also ventured to bring to the attention of the committee an unfortunate and what might be a damaging dispute between the United Kingdom on the one hand and Iceland on the other concerning the jurisdiction of Iceland over the 12-mile limit which she now claims and which conflicts with the United Kingdom law and practice in this field of territorial waters. I expressed the hope and I repeat it now that perhaps the good offices of the Canadian government might be useful in this matter in preventing this dispute which has been a long standing one and which came up in NATO over two years ago from deteriorating, and which will help to prove the reports of impending trouble to be without validity.

I was going on from there to discuss what is probably as important an aspect of our foreign relations as there is, our relations with the United States of America. One element in that relationship is our desire to co-operate with the United States in all aspects of foreign policy including policy in the Far East. I mention this matter which before one o'clock I did not intend to raise because of reports which have come over the air during the luncheon recess and which the minister may have heard to the effect that thousands of shells are being thrown on the little island of Quemoy and Matsu off the China mainland by the Chinese communist forces. There is some anxiety that this might be the prelude to an attack on these two islands which are now occupied by the government of Chiang Kai-shek and which are so close to the mainland of China which is under communist control that they have for several years constituted a threat to peace and stability in that area.

The secretary of state of the United States is reported as having said this morning that if this action should be the prelude to an effort on the part of the Chinese communist government to take and occupy these two offshore islands that would create a dangerous situation and, if I may quote from the words attributed to him, "Any such action." said Mr. Dulles, "would be a threat to the peace of the area." Indeed, this is the attitude that was adopted by the United States and expressed as such some time ago when there was a threat to these islands. I shall not quote his exact words but certainly the burden of his remarks at that time which are reported to have been repeated today was that those concerned could not count on the United States remaining aloof from an attack.

This does involve problems of peace and security in the area with which we are all concerned. I can only express the hope that no such development as has been indicated in this report will occur but if it does I think we in this house should know where the Canadian government stands in the matter.

Perhaps, as an indication of the position adopted by the previous government and which I should like to confirm at this time as being the position which I think should be adopted in this matter by Canada, I may quote from *Hansard* of Tuesday, March 29, 1955, where at page 2477 the then private hon. member for Prince Albert who is now the Prime Minister asked me in my capacity as the then secretary of state for external affairs a question in these terms:

> Is there any foundation for the general statement that is being made in the press of the United States that an imminent attack on Quemoy and Matsu by Red China is anticipated? Would the minister say whether he has any information that would confirm or deny this statement. Would he also give a general résumé of the present situation relative to those two islands.

I replied to that question as follows:

> Mr. Speaker, I have seen the reports to which my hon. friend refers and I have no information from any official quarter which would confirm them or that an attack on these islands is imminent.

I went on to say:

> Of course, in the present situation it always remains a dangerous possibility.

Perhaps I may interpolate that it seems to remain a dangerous possibility at this moment. I then concluded my reply by saying as an indication of the policy we had adopted at that time and on which the minister might care to comment during the course of this debate:

> As far as our policy—

That is, Canadian policy.

> —in respect to this matter is concerned it has already been made clear, and I do not think I need repeat it here, that if an attack were made on these offshore islands it would not involve the intervention of the Canadian government.

That seems to me to be the right position for Canada to adopt in respect of this matter. In that sense it separates us to an important extent from the position that has been adopted and, according to reports, repeated by the secretary of state of the United States today. In so far as this represents a difference in policy between the two countries that is unfortunate. I think all hon. members of this committee and all Canadians desire to keep to a minimum these differences between the two countries that share this continent but there are times when we may have to differ with the United States and in respect of the attitude toward these offshore islands which has once again been very forcefully brought to our attention this seems to me to be such an occasion.

This brings me then to the more general subject of our relations with the United States. As I have said, Mr. Chairman, those relationships should be as close and friendly as possible. We should consider it a privilege

in this country as they should across the line to co-operate with each other in the economic defence and all other phases of foreign policy. I said in this house as recently as July 18, and I repeat it now because it is something that has been misinterpreted and I believe misconstrued, that there may not be between our two countries that close and continuous co-operation—and, yes, I might use the word "unity"—on defence matters which is desirable if we have economic conflicts.

That is why we must all be happy for reasons other than trade to take part in steps which may be taken to remove economic conflicts between the two countries, because those two things, economic conflict and defence co-operation, do not go together.

In this relationship between our two countries, any Canadian government, any Canadian representative, has to stand up for the rights of his own country as he conceives them, always having regard to what he can do to maintain unity inside the coalition and unity inside the continent which we all accept as essential. But that does not mean—in fact, it should never mean—that we should indulge in unfair criticism, unnecessary criticism, of the policies of our neighbour, that we should show an oversensitiveness, that we should go in for what you might call pinpricks, disturbing by small talk which sometimes causes the trouble that small talk can cause, disturbing the good relationship, the good day-to-day relationship which is essential.

That is why, Mr. Chairman, as an important aspect of our foreign policy I want to say something about the relationship between our two countries as I conceive it in the Arctic. A few days ago in this house one of the members on the treasury benches had some observations to make on this subject, in which he expressed chagrin and a sense of shame at some of the difficulties that Canadians were encountering, including members of the Canadian government, in their own north country, arising out of the fact there are United States facilities and installations in that part of Canada, which are there as a result of an agreement between Canada and the United States. When the Prime Minister cleared this matter up on August 16, he said, as reported at page 3652 of *Hansard*:

> I have felt that in the northern defences of Canada there were in existence situations that could conceivably derogate from Canada's sovereignty.

Mr. Chairman, it is important that there should not be situations which derogate from our sovereignty in this part of Canada, and

if those situations arise out of the arrangements which were made between the Canadian and the United States governments for the construction of defence facilities in that part of Canada, more particularly the D.E.W. line, then I think it is desirable, and I think it will be wise, to put on the record in *Hansard* the agreement, or some parts of the agreement reached between our two countries for the establishment of the distant early warning system. This agreement was effected by an exchange of notes, which were signed at Washington on May 5, 1955. Under that agreement, Mr. Chairman—and it would certainly be unfortunate if it were otherwise—it seems to me that there is complete and necessary protection of the Canadian sovereign rights in the areas which are concerned, namely the Artic areas, where the D.E.W. line would be established. In the annex to the exchange of notes the arrangements are given which I think are pretty adequate for the protection of those rights of sovereignty. For instance, in paragraph 1 of the annex under the heading of "Sites" there is this:

Canada will acquire and retain title to all lands required for the system.

That is the D.E.W. line system.

Canada grants and assures the United States, without charge, such rights as access, use, and occupancy as may be required for the construction, equipment and operation of the system.

Then, section 6, under the heading "Canadian law", we find this:

Nothing in this agreement shall derogate from the application of Canadian law in Canada, provided that,—

And this is a proviso which I think in all fairness I should read:

—if in unusual circumstances its application may lead to unreasonable delay or difficulty in construction or operation, the United States authorities concerned may request the assistance of Canadian authorities in seeking appropriate alleviation.

Then section 7, under "Operation and Manning" we have these words:

It is understood that, in any event, Canada reserves the right, on reasonable notice, to take over the operation and manning of any or all of the installations.

Then, again, in section 15, under the heading "Use of Airstrips" we have this:

The airstrip shall be available for use by the R.C.A.F. as required. The airstrip shall also be available for use by Canadian civil air carriers operating into or through the area, whenever such use would not conflict with military requirements,—

This is a reasonable condition. I continue:

—and subject to the understanding that the United States air force will not be responsible for the provision of accommodation, fuel, or servicing facilities of any kind. Proposals and arrangements for such use of U.S.A.F.-operated airstrips by Canadian air carriers shall be submitted to the R.C.A.F., which shall consult the U.S.A.F. before granting any such permission.

Then, section 16 under "Landing Facilities":

Landing facilities at any of the stations on tidewater will be available for use by Canadian government ships and ships employed on Canadian government business.

Then, under section 20, "Status of Forces" there is this:

The "Agreement between the parties to the North Atlantic Treaty regarding the status of their forces", signed in London on June 19, 1951, shall apply.

That means, in a word, that the rights under that agreement, under that NATO agreement, to which the United States forces are entitled, are available to any Canadian forces that might be on United States territory. Then, section 21 has this to say:

Supplementary arrangements or administrative agreements between authorized agencies of the two governments may be made from time to time for the purpose of carrying out the intent of this agreement.

Mr. Chairman, this agreement which was signed in 1955 does seem to me to protect Canadian rights and Canadian sovereignty in that area. When the Prime Minister indicated that there had been, as he thought, some derogation from that sovereignty, I asked him whether he would table the regulations made under this agreement which, according to the Prime Minister, cleared up those difficulties and were undoubtedly made under section 21, which I think—

Mr. Diefenbaker: The hon. gentleman also asked for more than that.

Mr. Pearson: I asked for all the regulations based on the agreement.

Mr. Diefenbaker: And, I may say the compilation is being undertaken. As a matter of fact, there are a great many, and my understanding is, that it will take some time. I think it will be ready in three or four days but the file includes a lengthy series of regulations.

Mr. Pearson: Perhaps I can help the Prime Minister by telling him that the regulations that seem to me to be of the most importance in respect of this matter are those which were made since the time that he and his government took over, because the Prime Minister did say—and I quoted his words from *Hansard*—that when he took office he found an unsatisfactory situation. Therefore it would be of great interest to the committee to ascertain the regulations which were passed since that time to clear up this situation. In any event, Mr. Chairman, I suggest that the agreement in question does protect our sovereign rights and I also point out the fact, of which the Prime Minister

undoubtedly is aware, that under the exchange of notes to which this document was attached, the Canadian government has full authority at any time to take over, to operate, to man and to maintain the D.E.W. line.

It seems to me, Mr. Chairman, that if this type of operation in the north is going to cause the kind of suspicion we sometimes see in the press and in other places, if there is going to be this kind of difficulty, if we feel, and I think it is a reasonable feeling, that it is necessary for us to increase our occupation of our own northern territories in order to establish beyond question our title to those territories by right of occupation, then perhaps the time is coming when Canada should exercise its option and take over, man and maintain the D.E.W. line, the weather stations and other Arctic installations now either jointly operated and maintained or operated and maintained by the United States.

There is now one reason and there may be more than one reason for so doing. Certainly there was some doubt when these installations were considered in the first place whether this would be a desirable thing for Canada to do. The construction of them involved great expense and it also involved the use of skilled manpower which perhaps was not available in Canada at that time. But if these difficulties have now been overcome, and they certainly have been so far as construction is concerned because construction is completed, and if there is now sufficient skilled manpower to take over the operation then I think serious consideration should be given to that action. I feel quite certain that the United States would welcome such action on our part. As I said in the last debate on external affairs, perhaps it is now at least worthy of consideration whether some of our obligations outside of Canada might not be reduced if that is necessary to make it possible for us to take over all these Arctic operations which are not only so important for defence but have a real value in the opening up and developing of the country for other purposes.

There is only one other matter I want to mention and I do so because the minister quite rightly had something to say about it this morning. I refer to the recent announcement, I think made yesterday, by the United States and the United Kingdom that under certain circumstances—there were some conditions attached to it—they would be willing to suspend nuclear tests for a period of one year. As I ventured to say in the house yesterday and as the Prime Minister emphasized in his statement, this was an important decision and it was an encouraging one as far as it went. It remains now, as the minister pointed out this morning, for those countries which have in the past made these nuclear tests to get together as a result of the discussions now visualized in the United States and British statements, and try to come to some international agreement under the auspices of the United Nations, I would hope, which would formalize this important move on their part and perhaps extend it in terms of time and countries.

It is not only important that the three nuclear powers do this now but surely it is also important, as I have said before, that other powers which do not now manufacture nuclear weapons should associate themselves with this kind of agreement so that they will not in the future become manufacturers of nuclear weapons. Possibly at least the first step in that direction can be taken at the forthcoming assembly of the United Nations so that we not only can put an end to nuclear tests on the part of the powers which possess nuclear weapons of mass destruction but also can prevent the extension of the manufacture of these weapons to countries which do not now possess them.

When I advocate that I do not want to be misunderstood because I have at the same time suggested, and I repeat the statement now, that while the abolition not only of such tests but of nuclear weapons themselves is the first objective we should all seek there is a very great difference indeed between a megaton hydrogen bomb and a warhead for a ground to air defensive missile such as the Bomarc which cannot be used for any offensive purpose but which might be invaluable for defence against aggression. As soon as the warhead of the Bomarc is equipped with a nuclear tip it becomes a nuclear weapon, and as long as these tactical weapons for defence are used—I do not think this is inconsistent with the position I have taken regarding the abolition of nuclear tests—I think it is not a tolerable proposition that a Canadian squadron serving with a United States squadron on Canadian soil, perhaps under joint United States-Canadian command, should be armed in the future with Bomarc weapons without nuclear warheads while at the same time the United States squadron operating from the same field should have them.

That is why I ventured to ask the minister previously, and perhaps he may have something to say about this when he replies, whether any negotiations are under way in Washington now to put Canada on exactly the same basis of exchange with regard to nuclear weapons as the United Kingdom. I know that this requires an agreement under the United States atomic energy act, but I suggest that in the present situation and because of the close relationship we have

with the United States in defence such an agreement should be sought and that we should not be expected to work out our continental defence arrangements with the United States under a continental defence command with this difference as to weapons existing between us. I do not consider this inconsistent with my view on the abolition of nuclear weapons. So I hope that as long as this situation persists we will be put on a basis of equality with the United States so far as exchange of information and tactical defensive air weapons are concerned. Surely that is a reasonable request to make to the United States, and I cannot believe for a minute that they would refuse to make that kind of an arrangement with a country so close to them in so many ways if the approach is made to them.

Mr. Jones: Would the Leader of the Opposition permit a question? Did I understand him correctly a few moments ago that he was advocating that we should reduce our international obligations in favour of spending that money towards occupation of the north country?

Mr. Pearson: No, Mr. Chairman, what I said was this. If we find that it is necessary to extend our obligations on Canadian soil by taking over some of the facilities and installations now operated and manned by the United States, and if we find that this is impossible because of the extent of our defence obligations abroad, involving as they do responsibilities outside Canada which I think we were very wise in undertaking, that if we cannot do both, then we should at least give consideration to the possibility of reducing some of these obligations abroad if that means we can take over these activities at home which are now being undertaken for us by agreement with the United States. There is nothing wrong about having this kind of operation in Canada performed by the United States because we are doing it in Europe, but in view of the fact that the whole strategy of defence is changing, in view of the fact that the importance of our north country for defence is much greater than it was when we signed the NATO pact 10 years ago, in view of the fact that other NATO countries in Europe itself have found it necessary to reduce some of their NATO obligations, I see nothing wrong in giving consideration to such a reduction on the part of Canada if that is required in order to undertake these additional responsibilities on our own soil.

I certainly would not advocate for one minute that we should withdraw from our NATO obligations in Europe. For political reasons I think it is most desirable to maintain a Canadian contribution to the western European NATO defence forces which are defending Canada as well, but I think consideration should be given to the extension of our acceptance of obligations in the north country which are being undertaken by the United States. If that means reconsideration of our responsibilities elsewhere, then I think we should not hesitate to give that reconsideration. That is as far as I go but I think that is going some distance in view of the changing nature of defence and strategy.

Mr. Diefenbaker: I wonder whether the hon. member would permit a question? I want to be perfectly clear as to how far he goes in this direction. I am only asking the question for the purpose of information. I am following him very carefully. Does he suggest that Canada should be assured within this country, in so far as the equipment of our aircraft is concerned, of nuclear weapons supplied by the United States, under whatever arrangement might be achieved?

Mr. Pearson: I want to make this matter as clear as I can. What I am suggesting is this. I used the Bomarc illustration because I thought it was pertinent. If there are two squadrons on a Canadian base, one a United States squadron and one a Canadian squadron and if they are under a joint command—a United States-Canadian NORAD command—then I suggest that there should be nothing in United States legislation which would prevent that Canadian squadron from using the kind of defensive tactical weapon—and I used the Bomarc as illustration—which the United States squadron would be automatically using and which presumably would not be available to the Canadian squadron because under United States law, as it stands at the present time, that cannot be done.

When we discussed this matter in the committee on external affairs the Secretary of State for External Affairs said there was no intention of storing these weapons in Canada. He went on to say, however, that if an emergency arose they could be made available at a moment's notice. What I suspect is this. If they are not being stored in Canada—this kind of tactical weapon—I suspect that it might be more than a moment's notice that would be required to make them available for a Canadian squadron.

Mr. Smith (Hastings-Frontenac): I rise on a question of privilege, Mr. Chairman. Would the hon. member yield the floor?

Mr. Pearson: Yes.

Mr. Smith (Hastings-Frontenac): What I said in the deliberations in the committee on external affairs was that at the present time

the storing of nuclear weapons was not being considered. I do not recall using the word "does not intend".

Mr. Pearson: Of course, Mr. Chairman, I accept the minister's correction. I have the record of the committee before me and as soon as I sit down I will check on the matter and before this committee is over I shall be able to read to him what the record actually says. If it does not say what I said, I withdraw it, of course, and apologize to him, because I do not wish to misunderstand or to misinterpret his remarks in this important matter in any way. I am suggesting—and I urge the suggestion on the government—that the government should now take into consideration the possibility of Canada being put in exactly the same position with regard to the availability of this weapon with the United States—because these are not weapons of mass destruction—as she is in regard to the exchange of other weapons for aerial defence.

Mr. Diefenbaker: The hon. gentleman mentioned the Bomarc. I hope that he realizes that that is not a weapon carried by aircraft; it is a ground-to-air weapon. What I was asking the hon. gentleman was this. Is it his contention that Canadian aircraft operating in Canada for the defence of North America should be equipped by the only means by which they could be equipped, namely by the United States, with nuclear weapons. That is the question on which I was trying to be clear.

Mr. Pearson: I will try to make the matter clear. I know that the Bomarc is a ground-to-air-missile. I also know that plans—and the Minister of National Defence can correct me if I am wrong when I say that I know; I think I know—have been made and consideration has been given to arming air defence squadrons being placed in these particular squadrons of aircraft with Bomarc ground-to-air missiles. It is undoubtedly possible, perhaps it is true now—and the minister can correct me if I am wrong—that there are also air-to-air missiles which can be fitted with nuclear tips. All I am suggesting is that in that kind of situation a Canadian squadron should be placed on exactly the same basis as a United States squadron in so far as intergovernmental arrangements between the two countries can make it so. At the present time that cannot be done because of legislation of the United States Congress. As the minister has pointed out—and I hope I am reporting him correctly on this—there are in these amendments which were passed in Washington, clauses which authorize the negotiation of an agreement which would make this possible. I am therefore suggesting to the government that they give consideration now to that kind of agreement.

Those are my concluding words, Mr. Chairman. Surely this is important. If there is going to be continental defence of this kind under a continental command, surely it is important that there should be complete unity, complete co-operation and complete equality with regard to the facilities for defence which are available. I know I have detained the committee for a long time and I apologize. Perhaps as we go on to the consideration of the various estimates there may be detailed points which I may wish to bring to the minister's attention. I shall certainly want to bring to his attention the exact words he used in connection with storing of missiles and in which he believes I have misquoted him. I certainly would not wish to do that.

Mr. Herridge: We in this group, Mr. Chairman, welcome the Secretary of State for External Affairs on his return from the special assembly of the United Nations. Before proceeding further I might say that while we do not agree on some questions or on some details of policy, we wish him well in all he undertakes with a view to improving international understanding and obtaining international agreement in his efforts working towards international peace.

I listened with a great deal of interest to his report on the Arab resolution and the details surrounding it. I am not going to repeat his words or take the time of the committee to go into details. I must say that from our point of view it was a most interesting development and, I repeat, a most heartening one.

We in this group are glad that this was a unanimous vote and that it appears that the United States in this vote recognized the realities of the Arab situation and, shall I say, the peculiarities of the Arab situation and also to a great extent western world opinion, and also, in supporting this resolution, the responsibility of the United Nations for dealing with this problem over the long run.

Before proceeding I might say that it is well known that this group strongly opposes unilateral action on the part of any country in attempting to deal with a situation like this. I might say that we are not alone in Canada in that respect. Prominent Conservative papers, prominent Liberal papers, other prominent periodicals and a good number of prominent people that support all of the parties in this country or the various parties in this house have expressed opinions similar to ours in that respect.

I was very much interested in the minister's statement that there were deep divisions in the general assembly as to the value or function of an international police force. However, I was very pleased to hear him say that this matter is going to be given further study and consideration. We are very much interested in that aspect of the protective forces of the United Nations. In any event, Mr. Chairman, this unanimous support for the Arab resolution and the spirit that appeared to surround it creates great hope in all of us, I think, and offers a great opportunity to the United Nations, possibly the greatest opportunity it has had to deal with the basic problem that surrounds this Middle East situation that it has had for many years. It gives what I would call a breathing spell. It gives us a cause for cautious optimism.

We were all pleased to hear the minister's remarks with respect to the suspension of nuclear tests by the United Kingdom and the United States for a period of one year. This gives further cause for relief and gives another opportunity to go further and to try to get wider agreement even with other nations in the western world and we hope, finally, with the Soviet union.

I am sure we all feel that the minister was justified in feeling better over the international situation than he has at any time since he became a member of this house. I listened as usual with a great deal of interest to the Leader of the Opposition. We must all recognize the fact that with his knowledge and his long experience as secretary of state for external affairs he has a great advantage over a simple backwoodsman like myself. He knows the majority of the leading figures, and he possibly knows the physical features of most of the countries with which he has had to deal and on that account he would know the circumstances surrounding all these problems. I always listen to him with great interest, although I thought this afternoon that the text of his speech was rather pointless in some directions. I expected him to be a little more emphatic in some instances.

However, I and the other members of this group were very pleased to hear him speak of the need for building up an international police force. While we all recognize the difficulties, nations being what they are, I do not think we should ever lose sight of this objective that we should eventually replace regional and other pacts with an international police force having the authority to maintain world law and order. Other members of this group will have a few words to say on various aspects of this question, so I am not going to deal with it further at this time but will turn to other matters.

As a member of the committee on external affairs, I have had the opportunity to attend meetings of the committee again this session. I have found them to be of great interest and somewhat profitable. The estimates of this department total some $69,484,506, which sounds like a lot of money to many Canadians but I think we must realize first of all that approximately half of that amount goes for expenditures under the Colombo plan or grants to the various United Nations agencies. In reality, therefore, we spend, I would judge, about $35 million on the administration of the Department of External Affairs. That still sounds like a lot of money but, as I view them, our expenditures in this department have increased in ratio to the increase in Canada's responsibility in international affairs and I am sure that no one possessing a knowledge of the world situation today and the responsibilities which Canada must be willing to accept in respect of international affairs would begrudge $35 million out of a budget of over $6 billion as Canada's contribution to the furthering of international understanding and agreement. We in this group consider that our expenditures on external affairs are a first rate investment in the cause of understanding between nations.

The committee examined the estimates in detail and gathered a lot of information from the senior officials of the department and from General McNaughton, the chairman of the international joint commission. Before proceeding, I must say that the members of this group recognize, as I am sure other hon. members recognize, the high calibre and the devoted service of the officials of the Department of External Affairs. I, for one, have noticed since I have been a member of this house that with the expansion of the department there has been even an improvement, shall I say, in the calibre of many members of the staff, and naturally with the developments which have occurred during the last ten years there has been a much broader base of understanding of world problems and Canada's relationship thereto.

I would like to refer briefly to the report of the committee and to bring three or four matters to the attention of this committee, but before doing so I should express the appreciation of the members of that committee for the very fair way in which the chairman arranged sittings sometimes to meet the convenience of members who were sitting on other committees at the same time. We appreciated that consideration very much indeed.

The first paragraph of the report to which I would like to refer is the following:

The announcement by the Prime Minister of the preliminary step toward the establishment of a parliamentary committee to meet with a United States congressional committee, to examine problems common to both countries and to exchange views and interpret developments to their respective governments was welcomed by your committee. Such a joint committee, it is felt, could be invaluable in the promotion of a greater degree of understanding between the two legislative bodies.

I must say that we in this group give wholehearted support to that opinion of the committee because we believe that not only would it promote a greater understanding between the two legislative bodies but that a committee of this sort, if it is established and is permitted to function regularly and continually, will do a great deal to promote a better understanding on the part of United States legislators and the people of the United States with respect to the particular problems which concern us in Canada. I do hope that the Prime Minister will make arrangements for the establishment of that committee at the earliest possible date, at least so far as this parliament is concerned.

The next paragraph to which I would like to refer is the following:

With regard to the recent report of the United Nations scientific committee on the effect of atomic radiation, your committee expresses a hope that the government will keep under constant review its policy on the suspension of nuclear tests, taking into account the results of the current meetings of scientists at Geneva on the methods of detecting nuclear explosions.

We all heard the very welcome announcement made by the Prime Minister yesterday, since this report was drafted, with respect to the suspension of nuclear tests for one year by agreement between the United Kingdom and the United States. That is a step in the right direction but this paragraph was inserted in the report as a reflection of the committee's concern with respect to this problem and its anxiety that the government should keep under constant review its policy on the suspension of these tests.

The third paragraph to which I wish to draw the attention of the committee reads as follows:

The continuation of studies on the possible establishment of a permanent United Nations force to ensure peace and deter aggression, is considered of great importance.

I might say that the committee's report was adopted unanimously, so that that is an expression of the opinion of all members of the committee. We do hope the Secretary of State for External Affairs will strongly support the final necessity for some form of United Nations police force coming into being.

We know the road will be a difficult, rocky and slow one, but we feel that we should not lose sight of this objective. The final paragraph of the committee's report, which I believe is very interesting, is as follows:

In order to assist your committee in its work, it recommends that, at future sessions of parliament it should commence its sittings within one month of the meeting of the house. Consideration should also be given to the broadening of the role of the committee.

It is those last words in which I am particularly interested "the broadening of the role of the committee". That recommendation indicates a certain feeling on the part of committee members, regardless of party, that the committee could perform a greater function rather than being entirely limited to examination of estimates and the questioning of officials. While such activities are very useful and very necessary the committee members felt that the government should give consideration to the broadening of the role of the committee. While the government is responsible for policy, we do feel that the committee could serve an even more useful purpose by having certain problems referred to it, maybe problems of a technical nature such as the testing of nuclear weapons, or the problems surrounding disarmament and other matters which might arise as a result of immediate situations. We feel the role of the committee could be extended to the great advantage of this House of Commons in general while, as I have said before, the government accepts the responsibility for policy on external affairs. That is why the committee unanimously adopted that last recommendation in its report.

Mr. Chairman, I see that the Prime Minister is looking this way and I am sure he will be interested to hear what is the foreign policy of the C.C.F. party. We held a national convention on April 23, 24 and 25 in Montreal attended by several hundred delegates from all across Canada. Those delegates had given consideration at the local level to the question of a foreign policy for Canada. The resolutions on foreign policy which were brought to the convention in abundance, were thoroughly discussed for a period of one day and finally sublimated, if I may use that word, in one resolution which was accepted by the convention and adopted. I wish to place on record what the foreign policy of the C.C.F. is at the present time. I will read the resolution and make a comment or two on it.

Foreign Policy

The race between the United States and the Soviet union to achieve superiority in the production and stockpiling of nuclear and thermo-nuclear weapons is creating a fearful atmosphere throughout the world. New and more powerful weapons, with

a capacity to destroy that confounds the imagination, are being developed at an alarming rate. The C.C.F. warns that this situation cannot continue without a great risk of a world conflagration that could lead to the extinction of life on this planet.

Since that preamble was included in that resolution the Prime Minister has made an announcement which is a heartening step in the right direction.

Believing that it is urgent that greater emphasis be placed on positive means to ease international tensions and further the cause of peace, the convention urges:

1. That the testing of nuclear weapons be immediately abandoned and banned by all countries.

We hope we are all working toward that end.

2. That distribution of nuclear weapons to NATO and Warsaw pact countries be discontinued.

Very strong emphasis was placed on that point at our national conference.

3. That as soon as the testing and distribution of nuclear weapons has been stopped, a concerted effort be made to move forward to a policy of progressive disarmament involving both nuclear and conventional weapons, subject to adequate international inspection and control through the United Nations.

We in this group hope that events in recent days have provided some further opportunity for developments in that direction.

4. That advantage be taken of every opportunity for negotiation between the western powers and the U.S.S.R. with a view to establishing a neutralized zone in central Europe, and finding a solution to other political problems.

Though on account of recent events our eyes have been directed to the Middle East, we still have the core of the international situation situated, as it were, in the heart of Europe. For that reason the C.C.F. included that paragraph in its foreign policy declaration.

We also urge:

5. That a permanent international police force be established under the United Nations for use in critical situations as the occasion arises.

I made a few remarks on that subject earlier.

6. That, pending a large general settlement between eastern and western powers which will make it possible to dispense with regional alliances such as NATO, every policy be promoted which strengthens economic co-operation among NATO countries.

I do not think anyone would fail to recognize the fact that we have done very little to date to give effect to article 2 of the North Atlantic treaty.

7. That much greater emphasis be placed on economic aid through the United Nations, and to this end Canada should offer to contribute at least one per cent of its national income to a world plan of economic aid and development.

We have taken some steps in that direction, but we in this group believe we could do more and should do more. And finally:

The C.C.F. believes that Canada, in advancing these policies, should seek at all times to develop her own foreign policy and not allow herself to become compromised by views abroad which do not effectively promote world peace.

On that point, Mr. Chairman, I want to say on behalf of this group that while we realize there has been some progress we should like to see this government speak with a stronger voice on certain issues. We notice that the courage of our government is in ratio, shall I say, to the settlement of any international situation; we wait for other governments to act; we become brave after the problem has been met by the announcements of governments of greater nations. We do urge the government to speak with a stronger voice as far as Canada is concerned, and to use its prestige and influence in the world to give a lead on important issues and to indicate that Canada has a foreign policy which is not entirely dependent on Mr. Dulles or anybody of his mind.

We believe this could be done by standing up at this time and giving recognition to the government of China. When we find people like Mr. Muir going over there, to investigate conditions and when the Royal Bank of Canada prints his address in its monthly pamphlet entitled: "The Challenge of China"; when we find industrialists in British Columbia, large mining and smelting concerns and leaders of other industries in British Columbia, urging this action, then surely the government must realize that such a move would receive the support of the vast majority of the Canadian people.

We urge the government of Canada to take this step and show we are not waiting for the United States to take action first. The United States will recognize China at some future time, and if our government continues its present policy we can look forward to the recognition of China the day after the United States does so. We ask this government to take the lead.

To indicate British opinion on this matter I want to quote from a very reputable paper, the *Christian Science Monitor* of August 15, 1958. The article is headed "Bevan Rips Dulles on Red China Snub", and this is what Mr. Bevan, as reported in this newspaper, had to say:

If they persist in their present policies, then the smaller powers should concert among themselves to defy a leadership so myopic, so smugly self-satisfied, so dangerous and so unequal to the imperious needs of the times.

The article goes on:

Unfortunately for the smooth-running of Anglo-American relations, the majority of British people agree with Mr. Bevan in his deploring of American non-recognition of communist China.

It is one of the very few matters of which the nation as a whole does agree with Mr. Bevan.

I urge on behalf of this group that the government indicate that we do have an independent foreign policy. Let the government speak with a strong voice for Canada and recognize the government of China; let it speak with a stronger voice for the development of international agreement for the abandonment of nuclear tests; let it speak with a stronger voice in drawing attention to the economic injustice suffered by multitudes of people, because we know that there can be no peace in the world until economic injustice is removed from the Middle East, or from the Far East, or wherever it is found. And let it speak with a stronger voice with respect to the need for speeding up negotiations on disarmament as a result of an international agreement on inspection.

In conclusion I may say that the contribution of this group to the debate is a plea to the government of Canada to speak up with a stronger voice on the subjects I have mentioned.

Mr. Pearson: Mr. Chairman, I rise only to clear up a point concerning an exchange between the minister and myself regarding what he actually said in the committee on external affairs. I have the record before me; indeed, the hon. gentleman was good enough to send it over to me himself. On the bottom of page 103 the following appears:

> Mr. Smith (Hastings-Frontenac): I just reiterate; I am not unhappy about the United Kingdom-United States arrangement.

That was the arrangement for the exchange of information on nuclear weapons.

> Mr. Pearson: We are not unhappy about it either, but that is not the point. The point is that surely the Americans can send us up a Bomarc for a Canadian squadron and say "fine; it is your own, if you pay for it". But when they send us up a nuclear warhead for the Bomarc for a Canadian squadron they say, "you can use it if we permit you to use it. You can store it on your station, but you cannot use it until we permit you to use it."
> Mr. Smith (Hastings-Frontenac): There is no question about storing nuclear warheads in Canada.

Item agreed to.

Items 86 to 103, inclusive, agreed to.

Terminable services—
104. Colombo plan, $35,000,000.

(Translation):

Mr. Deschatelets: Mr. Chairman, I should like to make a few remarks on item 104 regarding the Colombo plan.

Since I entered the house in 1953, we have been asked, at each session, to vote funds for capital and technical assistance to peoples struggling for the survival of their material

and moral values within a democratic framework. What has struck me most is that, every time there has been a vote on this item, not a single member has ever opposed it. Furthermore, this attitude of all parties has been endorsed by the Canadian clergy of all denominations. But let me state for the record that some members of the present government have not always been in favour of our granting financial and technical assistance under the Colombo plan—especially to countries in South-East Asia.

Indeed, members on this side of the house —especially those from the province of Quebec—will recall that on several occasions, the Solicitor General (Mr. Balcer) denounced the Liberal government of the time in this connection. Among other things, they will recall that in a television program from Hull, he criticized the Liberal government for its aid, under the Colombo plan, to under-developed countries.

During the last two election campaigns, the Conservative party offered the rather ludicrous spectacle of denouncing the Liberal party in the province of Quebec for the Liberals' aid to under-developed countries, while proclaiming, in other provinces, that they were in favour of aid under the Colombo plan.

This can be seen from a political eyecatcher in the newspaper *Le Droit* of April 7, 1956:

> Mr. Lapalme and his Liberal buddies in Ottawa, deeply moved by the deplorable living conditions on the other side of the world are making an outright gift of $491,400,000 to countries of South-East Asia—

I want to quote another political eyecatcher for the record. It appeared in *Le Droit* of March 31, 1956:

> Mr. Lapalme and his Liberal buddies in Ottawa, who show much more concern for the problems of the Middle East and the Far East than they do for the problems of Quebec farmers, are heaping $4,198,293,000 upon foreigners . . . including red Russia, China and Czechoslovakia and other iron curtain countries.

Now, it is unnecessary to point out that this is utter nonsense, because we all know that we have made no presents to red Russia, China or Czechoslovakia.

I wish to conclude this part of my remarks by drawing your attention to an article in the *Globe and Mail* of June 1st 1956. In it the author protests against the trend launched by certain politicians in the province of Quebec, because of our contribution to the Colombo plan. The article reads as follows:

(Text):

Truth First Casualty—Verbal Violence Flares in Quebec Campaign . . . On the government side—

Which means the authorities of the province of Quebec—

—second place for irresponsibility goes to another advertisement (the gist of which is frequently used in the campaign speeches) attacking Canada's contributions to such international aid programs as the Colombo plan. This again is aimed at federal Liberals: Ottawa gives to those foreigners, the line runs; Duplessis gives to Quebec.

Mr. Ricard: You are completely out of order.

Mr. Denis: We have a new chairman. Do you not like this?

Mr. Ricard: He is a small man; he is very little.

(Translation):

Mr. Deschatelets: Mr. Chairman, now that the government has 50 Quebec members to support it in this house, and that these gentlemen have no doubt acquired some sense of responsibility since the last elections, I hope that they will side with their government in respect of the Colombo plan and of the help to be given to under-developed countries. I hope that we will be spared this myth which was circulated in recent election campaigns, a myth fostered by reactionaries more concerned with demagogic advantage than with finding a solution to the great problems with which humanity is faced at this time.

Mr. Chairman, those of us who sit on this side of the house are proud to see that this year the government has increased assistance to under-developed countries under the Colombo plan. I do not think there is any greater challenge to western countries than to help raise the living standards of those countries situated along the borders of Russia and China and whose political organization has been developing along democratic lines.

I have the feeling that, at times, our political analysts and commentators overemphasize the few errors that Canada has possibly made in the international field; for they were errors made in good faith. On the other hand, I believe our successes are being underplayed. Indeed I do not know of anything we could have done that has been more practical, more human, and more likely to bring dividends than the assistance we have been giving for the last two years under the Colombo Plan. And the Liberals are very proud of their leadership in that regard because those countries badly need that assistance.

In the whole history of mankind, I do not know of any similar example, or precedent, where countries, for the sake of the survival of democracy on earth, shared their surpluses with needy nations. And we are not the poorer for it; we are as rich as we were a few years ago. Yet if, so far, we have been favoured and protected by providence, it is true that, even in Canada, people have, from time to time, to face hardship, and I know of none more cruel than that which has been visited upon us since March 31st last. However, Mr. Chairman, we are quite resigned to it, knowing that it is only temporary.

Mr. Chairman, I merely wanted to make that point clear. I do not want to hold up the estimates of the hon. Secretary of State for External Affairs (Mr. Smith), but I know that truth has its own rights. That is why I have spoken into the record facts which nobody can deny. If, however, some of my hon. Conservative friends from the province of Quebec want to refute them, I suggest they do so when I sit down.

(Text):

Mr. Chairman, I would like a recorded vote on this item.

Item agreed to; yeas, 78; nays, nil.

A—Department and missions abroad

542. Departmental administration—further amount required, $259,230.

Mr. Argue: Mr. Chairman, on this item, which is a further item for departmental administration, I want to raise a particular matter. During this session all members in this house have expressed their concern regarding, and their unaltered opposition to, the Soviet union whenever it has done something that we felt should rightly be condemned, and in the case of Imre Nagy it was said in all parts of this house that his execution was an international tragedy. I think it is our duty to raise anything that we feel is wrong and should not take place, and perhaps more particularly if this possible occurrence should be within the boundaries of a friendly nation. I think Canadians in all walks of life have been deeply disturbed by the report of the pending execution, because of a sentence in the courts of Alabama, of a man by the name of Jimmie Wilson for having stolen $1.95 from a white woman.

In our discussion of external affairs it is possible for members in this house to refer to actions in any other nation of the world even though, as is always the case, we have no direct control and no direct responsibility

over what may happen. The nation to the south of us is a friendly nation, a nation of people with whom we get along exceedingly well and a nation which has a particular place in my own heart because my mother happened to be born in the United States and did not come to Canada until she was an adult woman. I may say that my early recollections of discussions in our home as to the relative advantage of the Canadian type of parliamentary constitution and the United States type I had it impressed upon me very vigorously by my mother that the United States system in some particulars had some very distinct advantages. Therefore, I am not in any way anti-United States; if anything, I am pro-United States. Because of that, it disturbs me even more to think that under their law such a sentence may be carried out, and within the next few days.

As I understand it, the jurisdiction over clemency is under the governor of the state of Alabama, James E. Folsom. I have read reports—in fact, I have them in front of me—saying that the governor of that state very frequently has taken a lenient and humanitarian approach to such problems. I would express the hope that in this case the lenient, humanitarian aspects of the governor's character would prevail and that this execution may be prevented and will not take place.

President Eisenhower of the United States has taken a very stalwart attitude in opposition to discrimination within his nation because of race, colour or creed. Parliamentarians in all parties in Canada take that same attitude. I express the hope in the parliament of Canada that humanitarian aspects and attitudes and the deep generosity of the United States people will prevail and that this execution will not take place. I have said that I make this request on humanitarian grounds. There are other grounds. I think it would be an international calamity if the leaders of the communist world were given this ready-made club with which to continue their nefarious and troublesome course in the world.

I am not asking the Secretary of State for External Affairs to make a public pronouncement. I am not even asking him to say whether the Canadian government has given any thought to the matter but as a fellow member of parliament I do say to him that it is my hope that he and the government will use what I believe to be Canada's very great influence at all levels in the United States to see if we can assist in preventing this very disastrous thing from taking place on September 5.

[Mr. Argue.]

Mr. Diefenbaker: I do not want to enter into a general discussion of a matter concerning another country, for gratuitous advice coming from this country respecting the administration of the criminal law of another country would be improper. In his opening words the hon. member referred to the strong stand taken when the premier of Hungary was murdered, in a totally tyrannical and unjustified manner. I do not take second place to anybody in humanitarian feelings respecting the need in these days of the rigours of the criminal law not being applied in the manner in which they were a little more than 100 years ago, but it would indeed be most improper for this government to take any action along the lines suggested, although not directly requested, by the hon. gentleman.

As I understand it, under the law of Alabama robbery is an offence punishable with death, and the fact that the convicted man is of one colour or another does not enter into the equation. I can still remember one of my forebears, who lived not to such a great age, telling me as a boy of executions taking place in what is now this province for the theft of two or three shillings. The general trend in all countries has been towards amelioration of the terrible penalties that used to be imposed, and having regard to the situation in the case in question and the fact that there is the right of appeal available to the state supreme court, in addition to the right of commutation of sentence in the governor, I am sure that the fears of the hon. gentleman may well be expected to be dissolved in the light of the reaction of the people within that country without other countries making known their views, based on the deep and abiding necessity of assuring the humanitarian ideals and emotions that move us all.

Mr. Pearson: I have just one word to say on the matter raised by the hon. member for Assiniboia. If and when one incident violates or appears to violate principles of law and justice, whether in our own country or in a neighbouring and friendly country, if and when that happens we do harm to ourselves and we do harm to the principles which we proclaim. Those systems which are not founded on our concept of law and justice seize on such violations and magnify and distort them in a way that harms the cause of freedom and free people everywhere.

I do not know all the facts in this particular case. If they are as reported in the press it would appear to be a tragic matter. But the United States, our friendly neighbour, is a land of law and justice, a land where people can right wrongs and correct

injustices, and if there is wrong or injustice in this case I have confidence that the people of that state and that country will correct it.

Mr. Argue: I thank the Leader of the Opposition for his contribution to this discussion. I trust that the hope expressed by the Prime Minister in the concluding words of his statement will be borne out in subsequent days. The Prime Minister has said that the sentence imposed under the law of the state of Alabama is based entirely on a conviction for robbery and that colour has nothing to do with it whatsoever. That may be a correct statement of the written law but I am fearful, as I think many informed people are, that the application of the law is much more severe and rigorous in the case of a coloured man who is found guilty of robbing a white woman than in a similar case if a white person is found guilty. I am certain that a great many thinking people would question the assumption made by the Prime Minister but even if he were correct it is just as regrettable that this conviction should be hanging over a man who, according to the reports we read, has been found guilty of an offence involving the stealing of $1.95.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of External Affairs.

Mr. Pearson: If I am not out of order, I should like to say for the record that we were able to get through our work as quickly as we did because of the fact that these estimates were given very careful consideration by the standing committee on external affairs.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

58. Departmental administration, $706,492.

Mr. Pickersgill: Is the hon. lady going to favour us with a statement?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Chairman, it occurred to me that in the interests of orderly discussion it might be well if I made a few remarks on the first division in these estimates, namely the citizenship registration branch and the citizenship branch, and reserved any further comments which I might make on immigration or on Indian affairs to their respective divisions.

Mr. Pickersgill: I wonder whether the hon. lady would permit me to intervene. I think it has always been customary, on the departmental administration item which is the item which has been called, to permit a certain amount of general discussion. Of course I would not want to usurp the place of the hon. lady if she wished to go first on that item, but I think it might help, as it might possibly be unnecessary to have much discussion on the other items if we had a rather general discussion on the first item.

Mrs. Fairclough: I think the hon. member misunderstood me. I intend to make a few remarks here on the citizenship registration branch and the citizenship branch but anything further that is to be said on immigration or on Indian affairs I propose to deal with on votes 62 and 66 respectively.

The Canadian citizenship registration branch is charged, as hon. members know, with the determination of the status of persons claiming Canadian citizenship, the examination of applications under the act of persons applying for Canadian citizenship and the preparation of certificates. The branch is also responsible for the procedures involving revocation or loss of Canadian citizenship and the procedures pertaining to the registration of births of Canadian citizens outside of Canada.

During 1957 more than 151,000 applications under the Canadian Citizenship Act were received by the branch compared with approximately 100,000 in 1956. As a result of these applications approximately 142,000 certificates were prepared, 95,000 of which were granted to persons acquiring Canadian citizenship in 1957. In 1956 a total of almost 80,000 certificates were prepared, 55,000 of which were granted to applicants for citizenship. Citizenship was granted in 1957 to 8,650 British subjects, and 86,812 aliens, while in 1956, 5,812 British subjects and 49,590 aliens were granted Canadian citizenship. There were more than 39,000 miniature certificates issued during 1957. This is an increase of more than 21,000 over 1956.

In this connection I should like to refer to remarks made early this session by the hon. member for St. Jean-Iberville-Napierville, and I quote from page 15 of the English translation of the speech he delivered in French on May 26, 1958:

> It is a well known and incontrovertible fact that, at this time, Canadian citizens are unable to produce an efficient means of identification. Yet everybody knows that the introduction of legislation designed to remedy this situation would be highly advantageous.

Then later in his speech he went on to say this:

> What does the Canadian citizen have today by way of identification? We have nothing but secondary documents: a driver's licence, a pass, a credit card, all of which can be stolen by someone else and used fraudulently. In my opinion, it is absolutely necessary that people have a real identification card, so made that it could not be imitated.

The hon. member submitted that this responsibility should be entrusted to the Department of Citizenship and Immigration. It is unfortunate that the hon. member did not take time to check his facts. Had he done so, he would have learned that since October 1954 the Canadian citizenship registration branch of this department has been issuing pocket size certificates of citizenship laminated in plastic, carrying a photograph and a specimen signature of the bearer, together with pertinent descriptive information. Since October 1954, more than 65,000 of these miniature certificates have been issued to Canadian citizens and the demand for them is greater each year.

As the hon. member for St. Jean-Iberville-Napierville apparently needs a proper identification document, if he will fill in the appropriate form which he can obtain from my office, and return it accompanied by two photographs of himself, I will see that he gets a miniature citizenship certificate, without payment of the regular fee, as a gift from the minister.

To return to registration, 86 per cent of the applicants for citizenship in 1957 resided in urban areas, while 14 per cent resided in rural districts. For applicants in rural areas residing some distance from a court special procedures are available under the act, whereby they may file their applications directly with the registrar. In order to deal with these applications from remote areas, 24 persons were appointed under the Canadian Citizenship Act in 1957 to act as courts for citizenship purposes. These apointments brought to 65 the number of courts so appointed.

Mr. Pickersgill: Mr. Chairman, I should like to begin by pointing out to the committee or, perhaps I should say, reminding those members of the committee who were in a similar committee in the last brief parliament that when the hon. lady presented the estimates of another department at that time I predicted that she would soon advance in the cabinet. My prediction turns out to have been right. The hon. lady began her career as minister by occupying the portfolio that was entrusted to me when I began my career as minister. She has now succeeded to the other portfolio I held while I was a minister. The highest hope I can express for the hon. lady is that after the next election she may find herself where I am now.

Mrs. Fairclough: That is not much of a hope.

Mr. Pickersgill: Of course, it may well be that in spite of that I will do what I can before that time comes to see that the hon. lady is not even here at all. However, that is not meant to be a threat. I think there are other ministers whom I would sooner take on in verbal combat than the hon. lady because I imagine she could rally to her support quite considerable numbers not only of the members of her own sex but perhaps even more of the other.

I want to say that it has been my view—and I was rather proud of this fact when I occupied the position which the hon. lady now occupies—that this department, namely the Department of Citizenship and Immigration, through its activities has contributed greatly to that quite extraordinary development of our country that has taken place in the years since immigration was resumed after the second world war. I must say that I very much appreciated a tribute that was paid the other day to what had happened to this country in those years, so much so that I should like to recall to the minds of members of the committee this statement:

> Canada's future promises tremendous expansion and, in my opinion, greater than any other nation in the world in the next quarter century.

Those words I wish particularly to commend to the committee.

> Behind us is a record of nation-building unmatched in history;

That tribute to the work of the St. Laurent government by the present Prime Minister when he opened the exhibition in Toronto two days ago is very much appreciated on this side of the house.

Some hon. Members: Hear, hear.

Mr. Pickersgill: I do think that the work of the hon. lady's department has greatly contributed to this end, but I must say I was not able to find quite the same encouragement in another part of the Prime Minister's speech on that occasion, when he said the following:

> The employment situation is improving and in July 1958, Canadians with jobs numbered 5,934,000—

Mark these words:

> —only 15,000 below the high level in 1957, and 145,000 more than in July 1956. There has been an upturn in employment this spring and summer—a good deal more than seasonal.

I think we can take only very limited satisfaction from these statistics. We have half a million more people in this country than we had when the present administration came into office and it is not much of a boast for the Prime Minister to make, that there are 15,000 fewer of them working. I have no doubt, of course, that that is the reason why the department is continuing to follow the policy which was the first change in policy from that followed by the previous

administration, the policy of severely restricted immigration. I am afraid it is very unlikely that if things go on the way they are going now the hon. lady will be able to boast, when she comes to the end of her career as minister of immigration, that she brought immigration to the highest point which had been reached since 1913, which was the record of the Liberal government.

Nothing I have heard during this parliament has moved me more than the words used by the hon. member for Humboldt-Melfort in his maiden speech in this house, and I make no apology for trespassing for a moment on the time of the committee to recall a few of those words at this time because they are strictly relevant to the work of the hon. lady's department. The hon. member talked about his arrival in Ottawa, and as reported at page 476 of *Hansard* for May 26, 1958, he said:

> When I arrived here in Ottawa for the first time and walked across from Union station to parliament hill I was all eyes, and my heart was filled with emotion when I saw the graceful parliament buildings, the statues and the other historic sites. The first statue that I walked up to was that of Sir Wilfrid Laurier, the great French-Canadian statesman, and as I looked up I could almost see a twinkle in his eyes. I thought I could hear him say these words: "What are you, a little immigrant of just 29 years residence, here in Ottawa for? Didn't I hear you say that all you wanted from life was to come to Canada and to make a home for yourself and your family? I thought you were very content when Canada had given you this opportunity and your life's ambition was achieved, but now I see you are here as the new member for Humboldt-Melfort to represent this great constituency in the 24th parliament. As this is the case, go on then, and do the job assigned to you for the glory of Canada and your constituency." These are the words I thought I heard this great statesman say to me, and as I walked slowly away a vision appeared before my eyes depicting the last 29 years spent in this wonderful country of my adoption.

I do not think even the most stony-hearted of us could help but be moved by that statement. In the world in which we are now living there are very few countries about which such words could be used, and I am not seeking to make any particular point of this. I could not help but think that it was a good thing that the hon. member for Humboldt-Melfort came to Canada in 1929, when the government was a Liberal government, because in 1930 the doors were closed and in the years after, from 1930 until 1935, we actually had a net emigration from this country. It does seem to me, sir, that this was one of those bad turns which we have taken in the course of our development, and I do hope we are not going to take another one now.

I am not suggesting, of course, that we have taken such a turn; I do not blame the present administration for not bringing to Canada people who cannot find any work here. The position we took when in office and the position I would take if I were still in office is that it would be a great mistake —the greatest mistake we could possibly make so far as the future of immigration is concerned—if we encouraged people to come here to settle in this country when there were no opportunities for them to get jobs fairly quickly. My experience as a minister, and I am sure this is the experience of the hon. lady, is that one dissatisfied immigrant can do more harm to Canada's reputation abroad than one hundred do good. We cannot, of course, help having a few dissatisfied people, but we certainly do not want to bring immigrants to this country to be dissatisfied. I have no criticism of the fact, in itself, that at the present time because of limited employment opportunities the department is not bringing people here.

I do hope, and we all hope, that the conditions now prevailing will soon change and that the Prime Minister was right when he said there has been an upturn in employment this spring and summer, "a good deal more than seasonal". No one will rejoice at this more than those of us who believe that there is a great future in this country and that there is going to be room in it for even more people than those we can produce at home, and there is no reason for not producing at home all we reasonably can produce. My thoughts on that subject are very well known and I have never made any apology for them.

I was very pleased indeed when the hon. lady's department announced the other day that, in order to complete the liquidation of the situation created in the free world by the tragic events two years ago in Hungary, the Canadian government had undertaken to receive, if I remember the figure correctly, 1,100 more Hungarian refugees. On the day I read that announcement I asked a question in this house and was given some information which I do not have at hand but which is of the most encouraging and reassuring nature. I am sure that most Canadians will agree with these remarks if they are possessed of any breadth of view at all.

Here were people who had left their country with nothing but what they were wearing and who could not go back to their country for fear at least of imprisonment and possibly of death, who had none of the advantages of most immigrants but who, after one and a half years in Canada at the most, had made their way to such an extent that of the 35,000 who came here less than 1,000 were receiving support from the department. As a matter of fact I think the figure was a great deal less than that. Those who had thrown up

the sponge and had gone back to Hungary numbered less than 500. I apologize for quoting these figures from memory, but I do not think my recollection is very far out and, if anything, I have given a high figure for those receiving assistance. What this means is that these people who had no intention or thought of ever coming to Canada until these tragic events took place, had made no preparation for what they would find here. Let us not forget that most of them were young people who lived for 15 years under a communist regime with all that that implies, are for the most part adapting themselves to the new and difficult conditions of a new country, establishing themselves, and that most of them are already self-supporting.

I would think that that is something in which we can take some satisfaction. I make no apology for saying that I am not ashamed of my part in it, and I want to say without any hesitation whatsoever that I am very appreciative of the fact that the present administration under the hon. lady and under the Minister of Justice who preceded her in charge of the department have followed precisely the policies that were followed by the previous administration, and that there has been no political controversy whatsoever about this very important migration.

Perhaps I might not have said this if we were not following immediately after the consideration of the estimates of the Department of External Affairs, but I want to say that I believe that if the Canadian government, with the unanimous support of the Canadian parliament, had not shown the vigour which we showed in December of 1956, this problem of the free world would not have been solved. We Canadians did far more in relation to our size and resources than any other country in the world. In fact we have taken almost as many Hungarian refugees as the United States which has ten times our population and much more than ten times our wealth, and if we had not done what we did in the way we did it and with the vigour with which it was done—I am not seeking any special credit for myself, because we were all unanimous about it—this problem might not have been solved; and if tens of thousands of these Hungarians had gone back behind the iron curtain the moral effect on the whole world is something I should not like to be contemplating now. Therefore, I think we, as Canadians, regardless of party, can take some satisfaction in this one particular achievement of the hon. lady's department.

I have no other general observations to make at this stage about immigration but I do want to say one very brief word about citizenship, and only one very brief word at this time. I noticed the other day—in fact, on June 30—a report in the Toronto *Star* of a meeting of the Czechoslovak Canadians in Toronto which was addressed by a predecessor of the hon. lady and of myself, the first minister of citizenship and immigration in the history of Canada, Hon. Walter Harris. During this meeting, Mr. Harris took exception to statements which had been made by one of the county judges. I am not going to give his name or the part of the country from which he comes because I have no desire to pillory anyone; it is just the sentiment that was expressed to which I want to take exception here, as Mr. Harris took exception to it on that occasion. This judge was reported to have said that many new Canadians are unwilling to renounce their countries of origin, and cited instances of Russian Canadians and Dutch Canadians turning out in national costume to greet visiting fellow countrymen. Mr. Harris' comment on this, which I want to make my own, was as follows:

> I disagree with the judge. It is a proper thing to honour the visiting head of an allied state. If there was a free president of the state of Czechoslovakia I would expect you to honour him if he visited Canada.

Mr. Harris went on to point out that there was no need to lose one's pride in one's origin and to lose one's pride in one's heritage and one's past because one has become a Canadian citizen.

It seems to me that one of the reasons we have for having a greater pride in our citizenship than almost any other people in the world is that to as great an extent as any other country in the world, once we have admitted people to this country we do generally accept them, as fellow citizens on a basis of equality and I hope that may always be the case.

I want also to say a word, before I conclude these remarks, about the future of those original inhabitants of this country who were here before any of our ancestors or any of us came to this country. I feel, and I have always felt, that the supreme responsibility of the Minister of Citizenship and Immigration—the most important responsibility of all—is that responsibility which appertains to another office which the hon. lady holds, the office of superintendent general of Indian affairs, which is the oldest office in the public service of Canada, an office which, like some of our ancestors, was transported across the Niagara river from the state of New York into Canada after the American revolution, an office which has persisted ever since.

It does seem to me that it should be our ambition in Canada to make that office obsolete, and that the supreme duty of anyone

charged with the responsibility for Indian affairs should be to see that the day will come as soon as possible when there will no longer be any Indian affairs in Canada, but not in the way, of course, in which that, unhappily, happened in the province in which I was elected.

We do know, of course, that in the last generation the Indian population of this country, far from decreasing as had been the case for a long time, has been increasing and that today it is increasing more rapidly than the rest of the population though it has no additions through immigration. We do know that the policy of segregation, whatever there may have been to say for it when it was adopted a century ago, is certainly no answer to the problem as it exists today. Not that anybody, least of all the superintendent general, should ever think of forcible desegregation, because there are so many of the Indians who fear that, as the minister has no doubt discovered and as I discovered on more than one occasion. But I do think it should be our aim to the greatest possible extent that it can be done by voluntary means and by persuasion to encourage, support and help the Indians to move away from segregation and to become ordinary members of the Canadian community.

Of course, I believe that the most effective way to achieve that, as soon as it can be done in an ordinary fashion without outraging people's feelings and without upsetting existing arrangements to which people have devoted their lives and energies until something better can replace them, would be to end segregation in education, and I hope the hon. lady, even if we are at the stage of trying to end the session as soon as we can and we do not want to take undue time on the estimates of her department, will tell us what progress is being made in the field of joint education.

By that I mean an arrangement for bringing the Indians into the same schools as other citizens so that they are brought up together from the beginning because there is no substitute for that, none whatever. I know a great many improvements have been made in the last ten years in the field of Indian education. Every year some new improvements are made. I do not expect the hon. lady has had very much time since she assumed her portfolio, and she has been sitting in the house most of the time since then, to make any great reforms herself but I would be interested if she would tell us what progress is being made particularly with the scholarship scheme that was instituted a year or two ago and what progress is being made in having more and more Indians take vocational training and in encouraging some of the most promising of them to go to the universities.

There is another aspect of Indian integration which was very close to my heart when I was the minister and that is what was called economic development. Since the minister was not present last January when I last discussed the subject I shall make no apology for repeating very briefly what I said then about the useful things that were being done in this field. I remember the first time an approach was made to the gold mines to persuade them to take some Indians into their employ. I was approached by a representative of the mining association to see if I would not try to find immigrants to go into the mines. In reply I said, "You have labour right at your door, labour that has always been here. Will you not try Indians?" I must say that when I first suggested it the suggestion was considered startling. They seemed almost horrified at the idea but I persuaded them to make an attempt and I was greatly gratified by the reports I received of those experiences. I was also greatly pleased by the last report I heard of what was being done, particularly at Pickle Crow. I daresay the hon. lady may not herself have become familiar with that yet, but it is one of the more successful attempts to find really useful employment for the Indians in the area in which they live, a locality where perhaps it would not be too easy to persuade newcomers to the country to go in the first instance.

At the time I was in the department and in direct touch with this work we had a gentleman, Mr. Mel Jack, who has now moved on to other fields. I make no apology for mentioning his name. I had a little something to do with Mr. Jack coming into the department in the first place. I thought he brought to this work an imagination, an energy and sometimes an unorthodox approach that was not characteristic of all civil servants. Perhaps he was more the kind of civil servant I was than some other civil servants are but—

Mr. McGee: You are too modest.

Mr. Pickersgill: —but I will not carry that analogy any further. What I am concerned about and my reason for mentioning this is that I want to be assured that the work Mr. Jack was doing in the department is being carried out in the same spirit in which he was doing it because his conception about what should be done about the problem, and it was also mine, was that we must not mollycoddle the Indians. The thing to do, in his view, was to try to find work for these people and encourage them to stand on their

own feet, look after themselves, and become self-respecting and independent members of society. It seemed to me that Mr. Jack enjoyed the most extraordinary success in interesting employers and other people in this activity and all hon. gentlemen know how much all these activities depend upon the devotion and initiative of those who have direct charge of them.

I do hope this work is provided for adequately as I hope all the activities of the department are provided for adequately. It is because these two aspects of Indian affairs, education and economic development, seem to me to be the road to the future that I make no apology for having made special reference to them. That is in no sense meant to disparage the other very necessary activities of the department.

I am sure the hon. lady has been criticized, as I was criticized, for the unfortunate aspect of the department; that is, the necessity and obligation we as a people are under to see that the welfare of the Indians is looked after even though—

The Deputy Chairman: Order.

Mr. Pickersgill: I am sorry if I am trespassing—

The Deputy Chairman: I am sorry to interrupt the hon. gentleman but his time has expired.

Some hon. Members: Carry on.

The Deputy Chairman: Is it the wish of the committee to give unanimous consent to permitting the hon. member to proceed?

Some hon. Members: Agreed.

Mr. Pickersgill: I had just a thought or two to express before concluding and I am grateful for the indulgence of the committee for permitting me to underline the following points. I believe we must not forget the Indians are not to blame for the state in which too many of them still find themselves and that we have an inescapable obligation to see that the Indians who are not able to look after themselves are looked after in an adequate fashion. But we must also always keep before us the real objective to put them in a position where they feel they can compete with others on an equal basis. There is no doubt whatever that Indians have just as much intelligence on the average as the rest of us but what they do lack in so many cases is that feeling of confidence that comes from a certain measure of independence and above everything else this is what we must seek to give them.

Mr. Cardiff: Mr. Chairman, I wonder if the hon. gentleman would permit a comment before someone else speaks. If he would permit a comment I would say that I have noted a vast difference in the ex-minister since his association with Mel Jack began.

Mr. Badanai: Mr. Chairman, of all the numerous departments of our government the one over which the hon. lady presides with such grace and distinction is to my mind one of the most important. I wish to congratulate the charming minister for the diligence and prompt attention she gives to inquiries with respect to matters under her jurisdiction which even I as a new member have been able to observe in the short few months I have had the privilege of sitting in this chamber. I have had occasion to contact the minister on several occasions, mostly by mail, and I have always received courteous and immediate attention. I have no doubt that all hon. members of this committee in their experience with it have gained the impression that this is an efficient, well-run department.

The Gordon report on Canada's economic prospects—and by the way, it is not a secret document—states that a substantial flow of immigrants is needed during the next seven or eight years to compensate for the relative scarcity of native-born entrants into the labour force. It also makes reference to the Department of Labour's estimates that in the absence of immigration in the nine years between 1946 and 1955 the labour force would have declined with a resultant retarding of our economic development.

I realize that there are arguments against immigration. One is that immigrants take jobs from the native-born and the other is that they work for less pay. I disagree with both of these opinions. Immigration creates new consumer markets and in some cases it has brought considerable capital investment and has been responsible for the establishment of new industry. And, as pointed out by the hon. member for Bonavista-Twillingate, it has been responsible for bringing in people who have made a notable contribution to the development of the country.

As for wages, immigrants from the British Isles and from Europe are not unfamiliar with trade unions. As a matter of fact, those immigrants came to us because of a desire to better their standard of living, as is the desire of any Canadian, and are therefore not a deterrent to well developed trade unions. On the contrary, they are for the most part the trade union's greatest supporters.

It should not be forgotten that the whole of Canada's prosperity has been brought about by immigration. It can be said that the development of our natural resources and the prosperity of our country as a whole

are a direct result of population. Since 1939, as the Gordon report shows:

> The development has been rippling across many sectors of the economy. According to a publication known as the "Population Reference Bureau" which has been doing research work on Canada, the high ratio of resources to people places Canada in the most favourable position in the world.

Canadians are wont to compare Canada with the United States, the income, the production and the number of consumers. The Gordon report states that the United States produced 16 times as much as Canada did. There is no question that the relative position of the Canadian people will improve as the population grows. Canada has 4.3 persons per square mile in comparison with 58 per square mile in the United States; therefore, no one can say that we are overcrowded.

It is rather significant that during most of those years immigration has been averaging 120,000 a year. Now, immigration is practically at a standstill. It seems to me we should be looking forward and beyond the present setback in unemployment, which appears to be a deterrent to immigration.

Where are the plans for the development of the north? Surely this government can direct the economy to full employment and adopt a long-term policy on immigration and give immediate consideration to the lifting of the present restrictions.

Speaking of restrictions, I may say it appears to me that a more generous attitude toward immigrants from Asiatic countries should be considered, especially where there is a distinct hardship imposed on Canadian citizens of Chinese and Japanese origin, when individuals are seeking admission of certain categories of relatives which section 20(d) of the act seems to exclude, such as an older brother, a nephew, a married daughter and her family, an adopted son, a widowed sister, and so on.

My experience with people of Asiatic origin has been most happy. In Fort William we have several hundred people of Japanese and Chinese extraction, and they are the most industrious and law-abiding citizens that we have. If we broaden the ethnic origins by immigration from any and all countries it will not harm us. On the contrary, it will be beneficial. Canada's transition to a multiracial society can make only for new strength and stability. But what is even more important than the conditions of entry to Canada is the way we treat immigrants once they are admitted for permanent residence in our country. We want to make sure that all Canadians, whatever their origin, **have complete equality in letter and in spirit** in this nation of Canada.

Since the end of world war II more than 1½ million immigrants have arrived in Canada. They have settled in all parts of the country, in large cities, in small towns, and in rural areas. Once they have arrived in Canada their new homeland their great and overwhelming ambition is to become Canadian citizens. The story of how these new Canadians are finally and formally inducted into the fabric of Canadian citizenship and into the responsibilities which Canadian citizenship entails is not one to which we can point with pride.

I have before me a copy of a survey of some naturalization court ceremonies held in some communities throughout the country. They more or less follow a pattern. Usually they are held in a courthouse in an uninspiring setting, with a judge saying a few words of caution, followed by a short address by some elected or appointed official, maybe the mayor or a member of parliament, or the president of the chamber of commerce. Were it not for the interest shown by members of the Imperial Order Daughters of the Empire, who are usually represented and who do try to emphasize the patriotic motive of the event by handing out a booklet on Canada, there is little to indicate the tremendous importance of the ceremony, not only to the recipient but to every Canadian.

The Minister of Citizenship and Immigration is a lady of perception and well-versed in the activities of that wonderful organization, the I.O.D.E., which I have already mentioned. I express the hope that the government will consider the establishment of a uniform program, with suitable publicity provided for. The book which I hold in my hand, issued by the Canadian citizenship council, contains several good suggestions and from it I wish to read one or two paragraphs which indicate the study and care which went into the preparation of this book:

> Could we have a ceremony ritual incorporated in the citizenship act? This could leave room for local variations, but the main items would be part of the act, simply establishing that the granting of certificates shall be by award in public, each recipient shall be accompanied by his sponsors, and the presiding judge shall follow the procedure laid down in schedule X. Representatives of local, civic and provincial authorities and organizations interested in citizenship shall be invited to attend and, where convenient, be given part in the ceremony. All of this should be set out in the act in legal phraseology.

I express the hope that the hon. lady will give serious consideration to a new approach to the reception of new Canadian citizens and a long range plan of immigration.

Mr. Muir (Cape Breton North and Victoria): I well realize, Mr. Chairman, that possibly the patience of the committee is getting rather limited at this point. However, I should like to take a few minutes to bring

to the attention of the minister a very important matter. I am rising on a matter of extreme urgency and I should like to appeal to the minister for immediate attention to this problem if at all possible.

It concerns the adequacy of fresh drinking water for the Indian people who live on the Eskasoni reservation in my constituency. Since 1956, two years ago, the chief of the Eskasoni band, Mr. Wilfred Prosper, has been seeking improved water facilities for his people. To illustrate this point may I read from a letter dated October 30, 1957, signed by Chief Prosper and bringing the matter to my attention. At that time he said:

> Many of our people are drinking water from our brooks and marshes and many of our children have in the past been adversely affected.

May I add here that I have personally seen these people dipping water out of roadside drains. That, you will agree, is a very startling statement. Equally startling is his next statement:

> Since our agent has been unsuccessful we are asking you to intercede for us as correction has been promised over a year ago.

For more than a year these Indian people have been forced to endanger their health and perhaps their lives by having to resort to drainage water after their drilled wells ceased to yield a sufficient supply or became grossly contaminated. Fortunately new sources of water have been found for them but at a considerable distance from their homes.

I brought this matter to the attention of the former minister and it is my information that the regional superintendent of Indian agencies for the maritimes conducted a full investigation. In his recommendation he stated that the only logical course of action now open to the department is to instal a proper pressure system in preference to a system of drilled wells which, in the past, has proven to be unsatisfactory.

I am cognizant of the fact that installation of such a system is not without engineering problems. I appeal to the present minister, knowing her interest in the welfare of the Indian people, to take this case under immediate advisement. The cost of extending pipe line facilities to the reservation may, I fully understand, constitute a rather expensive proposition, but I have no hesitation in recommending it to the minister's attention for two very important reasons. First, we should always be mindful of our obligations to care for our Indian people in all parts of Canada. Second, the cost of pipe lines would be an extremely modest investment if used as a means of warding off a horrible epidemic brought about by further governmental neglect of this problem which, may I say, has been inherited by the present administration.

Mr. Fisher: Mr. Chairman, I have a considerable number of questions I want to ask the minister later regarding the public archives and the national gallery but I should like to make a few remarks now and ask some questions on the citizenship and immigration part of the minister's responsibilities.

I asked a question some time ago on the order paper about the backlog of immigration applications in Italy. My question stemmed from questions asked in the house during the last session of the then minister. In essence, I interpreted what the former minister told us as meaning that one of the reasons for the backlog in Italy, which he said could not be relieved by establishing additional offices, was that there was a lack of co-operation on the part of the Italian authorities. That seemed to me to be implicit in his answer although not there in actual words.

I have spoken to a number of people of Italian background in my community and they still insist to me that one of the best things that could be done to improve Canada's immigration service in Italy would be the establishment of one or more offices in the field. I made this point the last time I had the opportunity and the minister turned it down, as I interpret it, because there was a lack of Italian co-operation. I should like to have the opinion of the present minister in this regard. I should also like to know how big the backlog is at the present time and whether it is continuing to grow.

One other factor has come to my attention affecting several Italian immigrants who have come to Canada, obtained Canadian citizenship, have then wanted to go to the United States and have sought to be placed on the quota list. Until these cases were drawn to my attention I did not know that despite the fact they are American citizens they are not treated as such by the United States government which places people on their quotas, I understand, according to national origin.

Mrs. Fairclough: I think the hon. member made a slip of the tongue. He said "despite the fact they are American citizens". He meant Canadian citizens.

Mr. Fisher: Canadian citizens. I know that the minister, because of her statements, is as anxious as I am that these people should have full Canadian rights with regard to moving to another country, but they do not have full Canadian rights. I know that the answer is, what can Canada do about it, but I wonder whether representations have been

made and discussions held with the United States authorities on this point and what reply they have made.

Another matter in connection with immigration that interests me has to do with whether there has been any recent improvement in the handling of people in Poland who desire to come to Canada. From the difficulties that people in this country have who are anxious to bring out relatives from Poland, it is obvious that while the Polish government is co-operating it is not doing so as fully as it might. It is also obvious that there is quite a load on the Canadian officers in Warsaw in this regard. I should like to have a statement on what the situation is at the present time in terms of difficulty and whether there has been any recent improvement.

On the topic of our Indians I was interested that the former minister under the Liberal regime should have mentioned the Pickle Crow experience. I am not surprised. I was interested to note that is one place where good work has been done because my first full time job was in the Pickle Crow area working underground. I remember that the biggest shock I ever had as a Canadian occurred at the Central Patricia mine when I walked over from the bunkhouse to the cookhouse for my first dinner. I may say that the meals were very good and there was a whole line of garbage cans outside with a considerable amount of waste. At each garbage can there were three or four Indian children and women fishing around in them. I will always remember that at the first garbage can there was a quite attractive Indian girl of about 16. A couple of cantaloup rinds and some blueberries were floating on top of the garbage and this young girl was fishing them out as if they were prizes.

It is a shock that has never left me and I have been very curious and pleased to discover just in the last six or seven months the attempts that have been made in that area to get work for some of the Indians. I know from some of the inquiries that have come in from the mine property that it is almost a mine philanthropy in a sense in that some of the miners and some of the management officers are trying to look after the aged Indians, trying to find out such things as their date of birth, and this is an especially good example.

One of the difficulties in connection with Indians doing any permanent work in the pulp and paper operations in my area is that there has been a switch in the pulp and paper operations to the use of the chain saw. The difficulty is that the chain saws are quite expensive and the Indians do not seem to have the aptitude towards taking care of those chain saws and the general equipment that other people have. While they are good workers while they are working and can quite often turn out a pretty high cordage, it seems very difficult to give them an incentive to work steadily. The tendency is that after they cut 15 cords or 20 cords they come in and get paid for it and then they lounge around, taking it easy. It is very hard to get them to integrate into the bunkhouse set up or the dormitory set up that one has in pulp and paper operations.

In the area from Sioux Lookout east along the north line of the C.N.R. and down towards the lakehead where a great deal of pulpwood is cut, I think much more use could be made of Indians. I think it is a challenge to the Indian affairs branch to try to get them working for more companies and with greater co-operation. I think in a sense it will be a philanthropy for some time on the part of these companies doing this; it may be some time before they begin to get a real return from the Indians. I know I talked to one woods manager who told me that the only place they had really been able to get a full return from the Indians happened to be in connection with where they were cutting up some burned pulp wood stands right handy to an Indian reservation. Because there was a little bit of stability in the Indian community they turned out very good work. From my knowledge of the Indian agents in the particular region from which I come, I do not feel that they in themselves have the scope or the imagination to carry out this sort of work. In other words, I am suggesting an expansion of a kind of work that I do not believe the department has tackled up till now in any consistent way.

One of the other comments I wanted to make I received from two chiefs in that particular area. I am not going to name them or the band because they were quite specific about that; but they both feel that the Indian agents have their interest at heart, that they are in many ways kind and considerate men but that they definitely take the attitude "We know best". In the case of one chief and his band in particular, this is a fairly consistent aggravation. The minister may know from her dealings now with the Indians how hard it is to get them to give you concrete proposals that you can present to remedy things. I suppose it is just something that has to move along and grow and develop. The only suggestion I can make in this regard is that she try as best she can to get her Indian agents to subdue that attitude "We know what is best for you" and to see if they can move further along

the line of encouraging the Indians to take more responsibility for their own affairs.

I do not know whether or not the minister has read the book by a young lad who came out from England and worked as an agent at the Gull Bay Indian reserve. It is a sort of a lark. I think it is very pleasing to read. I think he stretched a long bow in certain places; but contained within the book, I think, is a fairly good indication of the Indian character, at least as it is manifested in northwestern Ontario.

I should like to see some of the best minds in the country, especially in the sociological sense, turned loose on that particular problem to see what we can do. I will not say to alter the Indian character but to get into the Indian life some of the incentives that the rest of the Canadian community accepts and at present the Indian does not. That is about all of the questions and remarks I have for now until we come to the archives.

Mr. Weichel: Mr. Chairman, I should like to say a few words on citizenship and immigration estimates. The city of Kitchener which is in my riding of Waterloo North is probably the greatest cosmopolitan centre of its size in Canada. Kitchener has over 500 Jewish people, 500 Polish people, 4,000 Germans and many others from foreign countries. My correspondence, as you can well understand, is made up of about 40 per cent of citizenship and immigration problems. I should like to take this opportunity of extending my sincere thanks to the Minister of Citizenship and Immigration for the wonderful co-operation I have received from her during this session and from those in her department. Through her efforts many families have been brought together after many years of separation. These people are becoming fine citizens of this great Canada of ours. On their behalf I again say to the minister: Thanks a million for your co-operation and that of your department.

Mr. Smith (Lincoln): My remarks at this time, Mr. Chairman, at this time will be rather brief. However, I should just like to say a few words on behalf of the hundreds of people who are spread throughout Europe, families that were broken up during the war and for different reasons wives and children have been unable to get to this country to join their husbands. I know that most of those people are behind the iron curtain. On their behalf I should like to make a strong appeal to the minister and use every influence she has with the Russian embassy in trying to see if we cannot get some of these people out here and get those families united again.

Like my friend the hon. member for Waterloo North, in my county, which is a good place to live, we have a great many people who come in and a great many people who would like to come in. In my dealings with the immigration department I find that we run across a great many problems which you might say were borderline problems. You might say that I was a bit of a border problem myself when I came into this country and I realize what it is all about. I recall that when I came to this country two things were necessary. You had to be vaccinated. You had to have $15. I was vaccinated, all right, but I did not have the $15. However, my brother was with us. He went into the immigration shed first, showed his vaccination, showed his $15 and came around and pushed it through the slats to me. I then went in and we both entered for the same price. I hope the minister will not look back too much at my record or she might want to deport me.

There is another matter that I should like to raise at this time. It has to do with British subjects from Hong Kong. A number of them are trying all the time to get into this country. I think we are just a little bit hard in that respect. For one thing, they must be less than 21 years of age. I think the age limit could be raised somewhat, which would certainly help in many cases. It is rather unfortunate that a British subject should find it so hard to get into Canada when he can get into other parts of the British commonwealth quite easily.

There is another matter which I would like to bring forward and that is in connection with those immigrants who have come to Canada who are elderly people. A great many of them try from time to time to get their citizenship papers but they find that they are unable to do so because they have not been able to learn to speak the English language. I think when we are dealing with people who are getting up in years, say 60 or 70 years of age, they should have the privilege of becoming Canadian citizens before they pass on. In special cases I think the fact that they do not speak English should be overlooked.

I have not prepared a speech because I did not expect to speak at this time but I would like the minister to look into the situation with respect to families behind the iron curtain. I have in mind particularly the Chinese people who wish to bring their children and in some cases their wives or other relatives to join them in Canada but find that there is a great problem in getting them out here. I also wish to mention the problem of those people who have come to Canada from Hong Kong and I would ask that consideration be given to this whole

problem of making it easier for Asiatic people to come to Canada. I do not mean we should open the door and let them all come in but I do feel that in special cases where there is a real reason for relaxing the regulations we should not stick to technicalities.

Item agreed to.

Citizenship—

59. Citizenship registration branch, $511,513.

Mrs. Fairclough: Before proceeding, Mr. Chairman, I would like to make one or two remarks in reference to comments made in this debate. First, on the question raised by the hon. member for Bonavista-Twillingate with respect to the remarks of a judge at a citizenship proceeding, I am sure we all regretted that these remarks should have been made. Whether they were actually made in the form in which they appeared in the press is, of course, open to question.

Mr. Pickersgill: I had the same idea and that is why I did not mention the name of the judge.

Mrs. Fairclough: I am sure there is no hon. member of this house who has not had some of his remarks misinterpreted or the wrong impression taken from them but, be that as it may, I think we might well be guided in our thinking by the words of a famous English poet who probably was not thinking of immigration when he penned those memorable lines "that man's the true cosmopolite who loves his native country best."

The hon. member for Fort William said, among other things, that there should be equality for all Canadians, and I might say that that is the motive behind the presentation of the amendment to the Citizenship Act, which I think we will be considering in this house next week.

With reference to the remarks of the hon. member for Lincoln in regard to applicants for citizenship who are unable to convince the court of their knowledge of the English language, may I say that this is a matter within the discretion of the court. A judge may, if he thinks it proper, give citizenship status to these people after they have a residence of 20 years, even though they do not have what he considers to be adequate knowledge of one of the two languages of Canada.

Mr. Smith (Lincoln): I might suggest that that information be passed along to a great many judges who do not seem to be aware of that practice.

Mr. Pickersgill: I would like to make one observation and ask one or two questions of the minister. The hon. lady quoted the hon. member for St. Jean-Iberville-Napierville. I am sure she did not intentionally misinterpret the hon. gentleman, but since she quoted his remarks I have looked at his speech and it seems to me quite clear that what he was advocating was a compulsory citizenship certificate for everyone. While I am not endorsing the hon. gentleman's remarks, I do think they make the observations of the minister beside the point.

Mrs. Fairclough: May I just say in that regard that the hon. member is quite right. I did misconstrue the remarks of the hon. gentleman but my offer still holds.

Mr. Pickersgill: Oh yes, I am sure that if the hon. lady would like a little advertising for these cards—

Mrs. Fairclough: I have one myself.

Mr. Pickersgill: I have one of my own, signed by myself, and I have often wondered whether it might not confuse the people at the border if I ever used it, but there are very few of us who can have that distinction—the hon. lady, Mr. Harris and myself.

The first question I wanted to ask was whether the hon. lady could say whether there are any communities in Canada other than Toronto and Montreal—that is to say large urban areas—where it would appear to be advisable to establish federal courts. I know there are outlying places where federal courts are established but I am wondering if, for instance, in Vancouver, Hamilton, Winnipeg and Edmonton—which I suppose would be the most congested places, and there may be others—the ordinary courts are adequately coping with the load of citizenship applications.

The other question I wish to ask was whether the hon. lady would indicate, because I think this would be of interest to the country, the revenue of the citizenship registration branch? I have the impression that it is really rather too bad that we should advertise the fact that we are spending half a million dollars on this branch when in fact I doubt if we are spending very much at all.

Mrs. Fairclough: In reply to the first question of the hon. member, I am personally of the opinion that this is a matter which needs great consideration.

Mr. Pickersgill: That is to say the urban centres?

Mrs. Fairclough: Yes, and I have already embarked upon a study of the problem. I hope to come up with some sort of reasonable solution during my tenure of office.

With regard to the revenue of the branch, in 1956-57 it was $419,085 and in 1957-58

it was $368,624, which, as the hon. member says, bears some relation to the outlay.

Mr. Pickersgill: Yes.

Item agreed to.

60. Citizenship branch, $921,305.

Mr. Pickersgill: Just one question on this matter; I think this is the vote which includes language classes, although I am speaking from memory.

Mrs. Fairclough: Yes.

Mr. Pickersgill: I wonder if the hon. lady can say whether there has been any further development. There are some parts of Canada from which we have perhaps not received as much co-operation in this regard as we would have wished, and I wonder if perhaps the hon. lady had attempted to exercise her wiles on her friends in the province of Quebec, for example, to see if perhaps a little more co-operation could be obtained from the Quebec government?

Mrs. Fairclough: Mr. Chairman, I do not normally go about my work in that fashion. I find that the latest estimate of yearly enrolment in language classes is close to 50,000 students, and the federal share of conducting those classes last year increased by 15 per cent to some $240,000. The branch has been promoting, more particularly, the establishment of new types of classes for housewives, night shift workers and immigrants awaiting job placement. The branch has also begun, with the co-operation of the various departments of education, a series of regional training seminaries for teachers in order to improve the effectiveness of instruction methods.

Mr. Pickersgill: There was one other question. I believe one of the last actions of which I have much recollection was to authorize a research project in which the University of Toronto was interested, and I wonder if the hon. lady has any information about that.

Mrs. Fairclough: We do not have that report just yet. When we do receive it I will be glad to let the hon. gentleman know.

Mr. Fisher: Could the minister answer the question about the Canadian writers' foundation and the reason for ending the grant?

Mrs. Fairclough: The jurisdiction for that has changed. It is now under the Canada Council.

Item agreed to.

[Mrs. Fairclough.]

Immigration branch—

62. Administration of the Immigration Act, $1,235,232.

Mr. Pickersgill: On item 62, if the hon. lady would like to have my questions before she answers the other ones—

Mrs. Fairclough: Very well.

Mr. Pickersgill: I asked a question on the order paper and the hon. lady answered it the other day. It was about Chinese immigration, whether there have been any changes in the procedure. The hon. lady said there had not been any changes since the present administration came into office. I understand that the hon. lady recently received a memorandum from the Chinese benevolent association making certain representations to the department and I wondered whether consideration of that had been completed, and if any changes were in contemplation in consequence.

I wondered also whether, now that the British West Indies Federation has been established, any steps had been taken toward reaching some kind of agreement with that federation similar to the agreements we have with India, Pakistan and Ceylon. I do not know, of course, whether it is the intention to proceed in that way. I know it had been my intention, which I discussed with my colleagues when I was in office, to take up this matter as soon as the federation was established if I was in a position to do so. I do think it would be a very good thing to do because there is a real problem here, a problem which in my opinion is not easy of solution.

Like the hon. member for Port Arthur, I am very much interested in what it is possible now to do in Poland. I do know that in the last few months I was minister because of certain things that had happened it was becoming a good deal easier for people with relatives here in Canada to get out of Poland and we were doing our utmost in the department to facilitate their entry to Canada in cases where they came within the category of relatives admitted from other European countries.

I am sure the hon. lady would not expect me to let this opportunity pass without asking her to bring me up to date on the interesting history of Mr. George Christian Hanna, the gentleman who was of great interest to the hon. lady's party and party organization, in one part of the country at least, not so very long ago.

I should also like to know in more general terms whether any change whatsoever has been made in deportation procedures since the present administration took office on June 21, and if any change has been made in the procedures for appeals in cases of deportation.

These are some questions that occur to me, though it is possible that the hon. lady will raise more by her answers.

Mrs. Fairclough: I have a few comments I wanted to make on immigration, but I think that most of these will be covered by questions. However, there is one question which has been raised by the hon. member on which I did want to make a statement. I am sure he will find that interesting, also.

I might say with regard to all these problems—Chinese immigration, people from behind the iron curtain, those who have left iron curtain countries and are in other countries but not in Canada, and the situation in Italy—we have been grappling with all these problems. We have been handicapped, of course, by the fact that the house has been sitting during the whole time that this minister has been in charge of the administration. We have discussed some of these problems, and we have come to some sort of agreement among ourselves, but we have not yet been able to put them into effect or to present them for the consideration of the government as a whole. However, on this one problem of non-immigrants in Canada we have come to a decision, and on that matter I should like to say a few words.

An increased number of non-immigrants have, after entry, applied for permanent residence in Canada. Many of them have obtained employment. A good number are from countries where, if they had applied in that country for an immigrant visa, this would have been refused.

In order to dispose of the applications now on hand, which number over 700, it has been decided to review each case. If the case appears to have merit and if the applicant can readily be absorbed into our economy, consideration will be given to recommending to the governor in council that the non-immigrant be exempted from the operation of the immigration regulations relating to admissibility for permanent residence.

Non-immigrants now in Canada who wish to remain permanently and have not yet applied will have until March 1, 1959, to submit their applications. Those who submit their applications before that date will be dealt with exactly the same as those who, as of today, have applied for permanent residence. This procedure however will not apply to persons who are now under order of deportation and whose cases have been reviewed on appeal and the appeal dismissed.

The non-immigrants who will enter Canada after today or who are now in Canada and will apply after the first of March, 1959, will be dealt with according to the Immigration Act and regulations.

It is expected this action will permit the admission of the major portion of those applying and will eliminate misunderstandings which have created difficulties in the past. This new procedure respecting non-immigrants is a very important result of the extensive review of immigration policy and procedures begun by the government shortly after June 21, 1957, and will be a major step in the government's promise to strengthen, stabilize, and put more human understanding into this country's immigration program.

As I said before, this is a matter which has been under consideration for some time, and I am sure the hon. member for Bonavista-Twillingate will view it sympathetically because he knows from experience the tremendous number of problems that arise in immigration. We have still a great deal to do, but I hope we will get most of these problems solved.

I feel I must say a word or two about some statements which have been made, and while I have agreed up to now with most of the things which have been said by the hon. member for Bonavista-Twillingate, I think I must remind him, as the acting minister reminded him last year, that the slowdown in immigration was instituted by the hon. gentleman himself when he was minister of citizenship and immigration.

Mr. Pickersgill: I might mention that the hon. lady has slowed down the passage of her estimates by making that observation.

Mrs. Fairclough: I do not intend this to be controversial, but the actual cut-off date was April 12, 1957.

Mr. Pickersgill: Would the hon. lady like me to clear that up right now?

Mrs. Fairclough: Go ahead.

Mr. Pickersgill: There has been some considerable misunderstanding of this matter. I cleared it up on the day we took interim supply last October, and I cleared it up again in January, but it seems to be necessary to repeat these things a good number of times before they are understood. On April 12, 1957 I gave a direction to the department that no visas were to be issued that would be valid after July 31. As some hon. members will recall I expected to be somewhat preoccupied elsewhere than in the department between April 12 and June 10 and in fact I was. At that time I said the whole question would be reviewed after June 10. Although I was minister for 12 days after June 10 I felt this was a proper matter for review by my successor; but there was

nothing which restricted immigration up to the time the former administration went out of office.

It was apparent by April 12 that there was going to be an unprecedently large immigration in the year 1957 and, as I said earlier, it turned out to be the biggest year since 1913. I believe I was properly apprehensive that we might find in the autumn more people than could obtain work. I thought it was wise at that time to indicate that visas should not be granted for travel to Canada after July 31 but that, of course, would have been subject to review in the light of conditions that existed in the latter part of June. As I say, circumstances developed which made it seem to me improper for me to review that matter.

Mrs. Fairclough: I am sure, Mr. Chairman, if the hon. gentleman has been misunderstood there has been no more misunderstanding of his action than his interpretation of the actions of former governments in the thirties. On this point the hon. member for Fort William described immigration as being practically at a standstill. I believe those were his words. I should like to say this is a misconception of the actual conditions. Up until June 30 of this year there were 67,744 immigrants received into Canada. I would scarcely call that a standstill.

Mr. Pickersgill: Would the hon. lady give the corresponding figure for 1957?

Mrs. Fairclough: Surely, Mr. Chairman. The year 1957 was exceptional. There were 282,164 immigrants admitted during the entire year, 182,000 of them during the first six months. But going back to 1956 only 69,900 were admitted in the first six months, only about 2,000 more than were admitted in the first six months of this year. Approximately 58,000 entered in the first six months of 1955, nearly 10,000 less than were admitted during the first half of the current year.

Mr. Pickersgill: Mr. Chairman, doubtless the hon. lady will recall that that was the year she and her colleague on this side of the house were putting on a big campaign about unemployment.

Mrs. Fairclough: That was not the reason, Mr. Chairman. In fact, it does not make much difference what the reason is and if the hon. gentleman wishes to cite reasons for these developments we could go back a long way but I have one eye on the clock and would like to get these estimates through if possible. We admitted to Canada approximately 10,000 more immigrants in the first six months of 1958 than were admitted during the first six months of 1955.

[Mr. Pickersgill.]

Mr. Badanai: Mr. Chairman, I should like to know if these applications were approved this year?

Mrs. Fairclough: These immigrants actually entered this year.

Mr. Badanai: Actual entries, not applications?

Mrs. Fairclough: They actually landed in Canada in the first six months of this year.

Mr. Badanai: My question is were these applications approved this year?

Mrs. Fairclough: Well, some of them, I presume, would have been approved last year and it takes a while for them to be processed and for the immigrants to journey to Canada.

Mr. Badanai: Yes, that is the point. How many months will it take for applications to be processed and approved?

Mrs. Fairclough: It depends on where they come from. For instance, in the case of Italy it takes some time and we have a backlog from Italy of nearly 60,000.

Mr. Badanai: That is precisely the point I was making, Mr. Chairman. Applications are not being approved at the present time. Many who entered this year would have had their applications approved last year.

The Deputy Chairman: Shall the item carry?

Mr. Pickersgill: No, Mr. Chairman. I asked the hon. lady a considerable number of questions and I expect answers to them.

Mrs. Fairclough: I was under the impression that I had answered all the questions on immigration problems although I grant you I grouped several together.

Mr. Pickersgill: No, Mr. Chairman. For example, the hon. lady did not give me the latest chapter in the history of Mr. Hanna.

Mrs. Fairclough: I am sorry, Mr. Chairman, and I apologize for that oversight. I had that notation on a separate piece of paper. Mr. Hanna, as hon. gentlemen know, was tried for an offence and as is the case with all persons tried in Canada he had the right of appeal. We extended his stay, I believe until August 15. Finally, in the last few days before he would have been due to depart, he entered an appeal. I understand he had some difficulty trying to secure legal support for his appeal and having failed to do so he filed the appeal himself. It is my understanding that the matter comes up for review in September and of course until that time it is before the courts.

Mr. Pickersgill: I am going to ask the hon. lady if she will appeal to her colleague and supporter in the house, the hon. member for Vancouver-Burrard who was so very anxious to give Mr. Hanna legal help at a time when he was seeking illegal entry to Canada, and suggest that it is certainly a moral obligation upon that hon. member to offer his services as a lawyer to Mr. Hanna in this appeal. I also asked the hon. lady about deportation procedures generally and if there had been any change since last year.

Mrs. Fairclough: No, Mr. Chairman, not since last year. It is one of many problems with which we are grappling at the present time.

Mr. Pickersgill: I should now like to make a comment or two about the announcement made by the hon. lady. What her announcement amounted to when stripped of all its verbiage is that instead of considering each application individually as has been the case in the past she is attempting to establish a cut-off date so as to consider all these cases at once and then apply all the full rigours of the law after March 1. Having dealt with those cases as they arose over a period of some three years, I can understand why any minister would seek to formalize the procedure and reduce the amount of agony connected with it, but I would not like the hon. lady to get away with the impression that this represents any liberalization of the policy of the department because it is in fact the precise reverse. I do not think she will be successful in maintaining her cut-off date but, of course, I do not blame her for trying. We all have to try these things and learn from experience.

There is one other question I should like to ask the hon. lady that occurred to me as she was talking and it is this. Is she satisfied with the efficiency of the immigration branch and of the employees in the branch, speaking generally? I ask that question because when the hon. lady was on this side of the house—I do not know that she did herself but a considerable number of her colleagues on this side of the house and a considerable number of their supporters outside the house—spent a great deal of their time talking about the heartless bureaucracy and the soulless officials in the immigration branch. I always thought this was the most unfair and unwarranted kind of criticism. I never minded the criticism of the heartlessness of the minister because I could reply to that, but I thought the attack on the immigration branch as being composed of a particularly soulless lot of bureaucrats was most unfair because I do not know any more devoted group of public servants anywhere in the public service of Canada than those who work in the immigration branch. I wish to pay them this tribute as their former minister. I wondered if on closer acquaintance with the department the minister did not find that in this respect at least I was right?

Mrs. Fairclough: Mr. Chairman, I never said a word of that kind on this subject in this house. I think the hon. member's remarks are out of place but in any event he answered himself.

Mr. Pickersgill: Mr. Chairman, I am not interested in answering myself. I would like the hon. lady's answer.

Mrs. Fairclough: Mr. Chairman, I do not intend to turn the discussion of these estimates into a court of inquiry into the activities of the employees of the immigration branch.

Mr. Pickersgill: Mr. Chairman, on a point of order—

Some hon. Members: Sit down.

Mr. Pickersgill: I think the hon. lady must be forgetting where she is. We are the elected representatives of the people. The hon. lady is one of Her Majesty's advisors charged with carrying out the functions of a particular department of the federal government. She is here craving supply to carry on her department. It is the duty especially of those elected to oppose the government to carry on an inquisition into the efficiency of every department. That is what we are elected for and what we intend to do.

This is an example of arrogance which I had not expected from the hon. lady; this is a display such as we never had from the gentleman who used to sit in the seat in which she is sitting at this very moment. In all my experience in this house I can never remember that gentleman saying that other members of the house were not entitled to ask questions about the administration of his department. It is true that he occasionally became a little impatient with the constant repetition of questions but he never suggested that the opposition did not have the right to ask him questions. I can assure you, sir, that just so long as there are members to interrupt me, and spell me off and just so long as I have questions to ask about the immigration branch—and I do not care whether they are called an inquisition or anything else—I will go on carrying out the duty for which I was elected and ask those questions. I repeat my question. I ask the honourable lady whether she is satisfied with the efficiency of the employees of the immigration branch, and I feel I am entitled to an answer.

Mrs. Fairclough: Mr. Chairman, I submit to hon. members that that is not a fair question. I have answered all the hon. member's questions to the best of my ability, but when he groups a large number of people, 2,000 people, and asks me whether I am completely satisfied with each and every one of them, it is a question which I could not possibly answer.

Mr. Muir (Cape Breton North and Victoria): Idiotic.

Mrs. Fairclough: I can assure the hon. member that if I find there are people in my department who are inefficient I will take appropriate action. The fact that they are there means one of two things, either that I am satisfied with their activities or that I have not heard about them yet.

Mr. Pickersgill: I must say that the hon. lady has given a very clever and very effective reply and I give her full marks. But still she would not expect me to let her put words in my mouth. I did not ask her whether she was completely satisfied with every employee. I will phrase my question in the way I meant it to be understood. Perhaps I was a little sloppy in phrasing it. But I ask her, is she satisfied after—the months go on; is it three months, the hon. lady would know how long she has been the minister—three months and more with the efficiency of the immigration branch?

Mrs. Fairclough: Mr. Chairman, it is very hard to answer that question without going into the whole field of immigration policy. Let me say I am not satisfied with the policy generally. If I were, I would not have been taking part in the various discussions and investigations on which I reported a few minutes ago. There are a great many things that still need to be done. In so far as the efficiency of the civil service is concerned, I think by and large most of our civil servants are extremely efficient individuals.

Mr. Pickersgill: That is the answer I expected.

Mr. Fisher: I would like to ask the minister to answer the questions I put in connection with one immigration office in Italy and also with regard to the attitude towards naturalized Canadians, also the situation in Poland and in Finland.

Mrs. Fairclough: I thought I had answered the questions with regard to Poland. They are all a part of the over-all immigration policy which we are considering very carefully. The manner of the entry of naturalized Canadians into the United States is not properly a problem of this department. If the question were put to any department of government it should be put to external affairs.

With regard to the question on Italy, last year in round figures we had a backlog of about 45,000. This year we have a backlog of 60,000 in the one office. One of the difficulties of opening other offices is that we fear it would just create a larger and larger backlog because of the greater facilities to receive applications. We hope that because of the considerations of policy which are under way at the present time we may find a solution to this great problem.

Mr. Fisher: I hope the minister does. I think she will recognize the contribution the hon. member for Fort William made. the more people we get out from that fine country the better. Since we have the legal opportunities for them to come to this country or, at least, the openings, as a result of government policies, it is a pity that some of them cannot take advantage of it.

On the question of the United States quota system, the minister has expressed her interest in making the naturalized Canadian citizenship as good as the full Canadian, that is, the Canadian who was born here. I think that is the intent of her legislation. Well, surely, citizenship is something that you can carry abroad with you, and in that sense could this question of the United States quota not be something that she could consider? I mean, follow it up and ask external affairs to take up the matter. I was curious as to whether there had ever been any discussion with the United States on this particular point.

Mrs. Fairclough: Mr. Chairman, it would seem to be not quite proper for us to try to dictate the immigration policy of another country but I am quite willing to explore the matter with the Department of External Affairs to see whether they can make representations in that regard. But, as the hon. member said himself, the United States policy is based on a different conception from ours, and they go on the country of origin, as the hon. member has said.

Mr. Fisher: It still remains, Mr. Chairman, a fact that I would like the minister to look into it.

I would like to raise another important point, which is a matter of keen interest to me. Two Canadians are living side by side; one a native-born and the other is a naturalized Canadian. They decide to go to the United States. The minister must recognize that one is in a much better position to get in. Surely, that impinges upon the worth of our citizenship.

Mr. Herridge: The hon. member for Bonavista-Twillingate asked the minister some questions with regard to the brief submitted by the Chinese benevolent association, dated July 25, 1958. I just want to speak for a few minutes. I am not in any hurry. This is a brief of some 13 pages, which is very well prepared by the persons in this excellent benevolent association. I have very carefully read it and I do not intend to read it completely this afternoon, but I do urge the minister to give very serious consideration to their representations for some extension of the regulations wtih respect to the admission of relatives. I have one other matter, and I mention it purely because of the fact that when the minister was in opposition several of her colleagues supported briefs similar to this when they were brought to the attention of the government of the day. I wish to say that in my experience I find that these Chinese people are very popular with the population in general. There were early settlers in our district and had a lot to do with early gold mining; they were cooks in labour camps; they were in steam-boating, laundries, vegetable gardening and things of that sort. I do not know of any group that is more popular as a long-time residence group than the older Chinese in my constituency. I do hope the minister will give very serious consideration to their representations. I say that because the present Minister without Portfolio was one of the ministers who spoke very favourably of their representations and the present Minister of National Defence also supported their representations. The present Minister of Justice was very sympathetic towards the views of these people.

But I do want to bring to the minister's attention one thing that struck me. I think they have to go at the present time to some territory under the control of the nationalist Chinese government and they are not accepted in Hong Kong. I cannot find the reference just now but they made some representations with respect to the place of application. Then they mention that the number of officers in Hong Kong is too small to deal with the applications and that prospective immigrants have had to wait from 5 months to more than a year before being examined. The brief goes on to propose that the number of immigration officials be substantially increased. Would the minister inform the house if the government is giving serious consideration to the representations of the Chinese benevolent association and if she has any opinion with respect to the shortage of officers in her department's office in Hong Kong?

Mrs. Fairclough: Mr. Chairman, when I answered a few minutes ago with regard to the general problems of immigration I meant it to be understood that this was one of the very trying problems we are trying to solve. We have had representations not only from the Chinese benevolent association but also from other groups of Chinese and Japanese. The department is very carefully considering all of the representations that have been made and, as I said, it is one of the problems we are trying to solve at the present time.

Mr. Herridge: I want to bring to the minister's attention a letter written to me which I think suggests somewhat of a compromise with regard to the more or less emphatic views expressed by the former minister of citizenship and immigration with respect to Canadian born immigrants and latecomers. I think there is an idea in this letter in view of the fact that there are numbers of these children who should be cared for. The letter was written to me by Mr. Charles H. Bebbington, a very well known person in Kootenay West. In it he says:

> Having been in the position to observe Canadian immigration policies over a period of 60 years I would like to submit the following impressions and suggestions.
>
> In the early days we were chiefly concerned with getting immigrants who could do heavy physical work such as building our railroads, clearing our forests, etc. Now, owing to the great advances in mechanical production methods, this class of immigrant is not so necessary. But Canada still has plenty of room for good immigrants and I think that a method that has not been tried would avoid some of the errors of past systems.
>
> Why could we not select orphan children from European countries, build boarding schools in which to keep and educate them and bring them up to a natural Canadian citizenship? When old enough to start work they would be able to give Canada 40 to 50 years, their best years, before becoming a charge on the country because of old age. Unlike the adult immigrant they would not have to change from their native methods of work or living conditions and the language barrier would be eliminated through their childhood environment.
>
> Canada can afford to take time to do this now as we are not desperately in need of adult immigrants. In fact it has been suggested in many quarters that the brakes be put on mainly because of the adverse effect on our labour market. By the scheme I am suggesting we would still be getting immigrants who would in due course fit perfectly into our social set-up and would automatically assume all the rights and responsibilities of Canadian citizenship.
>
> This would appear to be a better way to help unfortunate children of the world than by sending money out of Canada to help them. We are proud of Canadian-made goods; these children would be Canadian-made citizens and, if carefully selected, should give strength to the country of their adoption.
>
> Some will say that we are having difficulty educating our own children. If more stress were to be put on training these children for work in useful trades we would have little difficulty in finding places for well trained artisans. We want young citizens for a young country.

I mention that because I have had the very same idea brought to my attention by a number of other persons. I am not sure to what extent such a policy could be pursued but in view of the fact that there are these orphans in Europe and in view of the suggestion in this letter would the minister inform the house if such a policy has ever been given consideration or would be given consideration?

Mrs. Fairclough: I am afraid that is much too broad a suggestion to discuss without very serious consideration. It is a new suggestion to me. I will be very glad to think about it but I could not consider discussing it right now.

Item agreed to.

65. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation and other assistance for immigrants and settlers including care en route and while awaiting employment; and to provide further for payments to the provinces pursuant to agreements entered into, with the approval of the governor in council, in respect of expenses incurred by the provinces for indigent immigrants, $8,180,000.

Mr. Herridge: I have been asked to ask the minister a number of questions and I think this is the right item. Could the minister tell the house the number of Hungarians who have been educated at public expense at the University of British Columbia, what was the cost per immigrant, what the total cost has been and who provided the accommodation? I should like any information she has so that I can reply to my inquirers.

Mrs. Fairclough: This, of course, is a rather broad subject. I have a wealth of information on it. We have not paid for the education of these students. We have supplied subsistence for them.

Mr. Herridge: That is what I mean, the amount per day or per month.

Mrs. Fairclough: Yes, I can give that. While the officials are looking up the figures for me, I might say that if the hon. member would care to put his questions on paper I would be glad to give him factual answers to all of them next week or whenever he wishes to write to me.

Mr. Herridge: I will do that. I will write a letter to the minister.

Mrs. Fairclough: I will give this figure now. For accommodation for 9 months at Vancouver the amount is $178,425.

Mr. Herridge: Who provided the quarters for them?

Mrs. Fairclough: They moved around. First of all they went to Powell River and then they moved into town at a later date. I will also be able to give that information to the hon. member, unless he wishes me to pursue the matter now.

Mr. Herridge: Were there quarters supplied by the Royal Canadian Air Force?

Mrs. Fairclough: I believe that some R.C.A.F. property on Sea island, not being used at that time for other purposes, was made available for a very short time.

Mr. Herridge: I will take the opportunity to write the minister a letter giving the details.

Mrs. Fairclough: We will be very glad to give the member any information we have on the subject.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I would ask the leader of the house to tell us again what the program is for Monday and Tuesday so that it will be in *Hansard*.

Mr. Green: On Monday we shall commence with item No. 4 on today's order paper, which is a bill respecting broadcasting; then item No. 3, a bill to amend the Customs Act; item No. 11, the resolution concerning the South Saskatchewan river project; item No. 7, an amendment to the Canadian Citizenship Act; item No. 5, a bill authorizing the construction of a bridge between Campobello island and Maine; item No. 6, a bill having to do with supply; and item No. 7, amendments to the Railway Act.

Mr. Pickersgill: Item No. 7 is with respect to citizenship.

Mr. Green: I am not sure of the order which will be followed on Tuesday. This is the order for Monday.

It being two minutes after six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWER TO QUESTION

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

COLOMBO PLAN PROJECTS, NON-COMMONWEALTH COUNTRIES

Question No. 130—**Mr. McIlraith:**

1. Have any projects for non-commonwealth countries in the Colombo plan been approved by the Canadian government in the last twelve months?
2. If so, how many and with what countries?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

1. Yes.

2. Capital assistance approved for non-commonwealth countries members of the Colombo plan during the past twelve months is as follows:

Burma	$42,500
Indonesia	2,000
Nepal	60,000
Viet Nam	5,000

Most Canadian assistance to non-commonwealth countries which are members of the Colombo plan is technical assistance (that is, the provision of experts and training programs) rather than capital assistance. Expenditures on technical assistance to these countries by Canada during 1957-58 was as follows:

Burma	$189,513
Cambodia	25,941
Indonesia	163,606
Laos	38,292
Thailand	15,616
Viet Nam	37,347

[The following items were passed in committee of supply]:

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

85. Departmental administration (including the former passport office administration), $5,533,081.

86. Representation abroad—operational—including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of high commissioners, ambassadors, ministers plenipotentiary consuls, secretaries and staff by the governor in council, $8,576,875.

87. Representation abroad—construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,412,688.

88. To provide for official hospitality, $40,000.

89. To provide for relief and repatriation of distressed Canadian citizens abroad and their dependents and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), $15,000.

90. Canadian representation at international conferences, $243,000.

91. Grant to the United Nations Association in Canada, $11,000.

92. Grant to the international committee of the Red Cross, $15,000.

93. Grant to the Canadian Atlantic co-ordinating committee, $2,500.

94. To authorize and provide for the payment of fellowships and scholarships and travelling expenses to enable Canadians to study overseas, and to the extent that blocked funds are available for these expenditures to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, and for payment to the royal society of Canada of amounts not to exceed $10,000 in all to meet travelling and other administrative costs incurred by the society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, $42,700.

B—General—

95. To provide for the Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $3,549,055.

96. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to under-developed countries in an amount of $2,000,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $1,976,875.

97. Contribution to the United Nations children's fund, $650,000.

North Atlantic Treaty Organization—

98. To provide, subject to the approval of the governor in council and notwithstanding the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), $51,109.

99. To provide for a further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters in an amount of 121,600,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $236,247.

International civil aviation organization—

100. To provide the international civil aviation organization with office accommodation at less than commercial rates, $214,971.

101. To provide for a payment to the international civil aviation organization in part reimbursement of compensation paid to its Canadian employees for Quebec income tax for the 1957 taxation year, $7,500.

International joint commission—

102. Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman of $17,500 per annum, $109,248.

103. To provide for Canada's share of the expenses of studies, surveys and investigations of the international joint commission, $244,950.

Supply—Items Passed

Terminable services—

104. Colombo plan, $35,000,000.

105. To provide for the Canadian government's assessment for membership in the inter-governmental committee for European migration in an amount of $261,238 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $258,218.

106. To provide for a grant by the Canadian government to the United Nations refugee fund, $200,000.

107. Canadian participation in the work of the European productivity agency of the organization for European economic co-operation, $20,000.

108. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

109. To provide for the cost of Canada's civilian participation as a member of the international commissions for supervision and control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of commissioners, secretaries and staff by the governor in council, $389,489.

110. To provide for technical assistance to the West Indies and to Ghana, $135,000.

111. To provide for the purchase of wheat and flour to be given to India, Pakistan and Ceylon to relieve food shortages, $10,000,000.

502. To authorize, for the purpose of supplementing economic assistance given under the Colombo plan, special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada, subject to such terms and conditions and at such rates of interest as the governor in council prescribes, $10,000,000.

A—Department and missions abroad

542. Departmental administration—further amount required, $259,230.

543. Representation abroad—operational—further amount required, $170,530.

B—General

International joint commission—

544. Salaries and expenses of the commission—further amount required, $1,800.

Terminable services—

545. To provide for the purchase of wheat and flour to be given to India, Pakistan and Ceylon to relieve food shortages—further amount required, $3,000,000.

546. To provide for the purchase of flour to be given to the United Nations relief and work agency for Palestine refugees in the Near East, $1,500,000.

547. To provide for a contribution to the 1958 fellowship fund of the international atomic energy agency, $25,000.

548. To provide for the expenses of the Commonwealth trade and economic conference, $225,000.

549. West Indies assistance program, $1,475,000.

Loans, investments and advances—

External affairs—

655. To authorize, for the purpose of supplementing economic assistance given under the Colombo plan, special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada, subject to such terms and conditions and at such rates of interest as the governor in council prescribes, $8,827,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

58. Departmental administration, $706,492.

Citizenship—

59. Citizenship registration branch, $511,513.

60. Citizenship branch, $921,305.

61. Grants to organizations as detailed in the estimates, $37,000.

Immigration branch—

62. Administration of the Immigration Act, $1,235,232.

63. Field and inspectional service, Canada, including $13,000 for grants to immigrant welfare organizations, $6,860,732.

64. Field and inspectional service, abroad, $2,430,645.

HOUSE OF COMMONS

Monday, August 25, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Fifteenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

EXTERNAL AFFAIRS

SOUTH AFRICA—MESSAGE OF CONDOLENCE ON DEATH OF PRIME MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know that hon. members would wish to associate themselves with a message of condolence which I sent to his colleagues on learning of the death yesterday of the Prime Minister of South Africa, Hon. Johannes Gerhardus Strijdom.

Mr. Strijdom long struggled against serious illness, and until a short time ago continued against odds the service he had so long given to his country. Born in 1893 in what was then Cape Colony, Mr. Strijdom became a farmer, a civil servant, a lawyer and a journalist. Throughout his life he continued to be interested in agriculture and journalism. In 1929 he was elected a member of parliament for Waterberg in the Transvaal, a seat he continued to hold. In 1934 he became joint leader of the National party in the Transvaal. When in 1948 the National party took office he was appointed minister of lands and irrigation, and in 1954 succeeded Dr. Malan as prime minister and leader in chief of the National party.

In an active political career lasting through a generation, Mr. Strijdom spared no effort in the public service of his country. I am sure I speak for the house in extending the sympathy of Canada to his widow, the government, and the people of South Africa.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we in our party would like to associate ourselves with the message of sympathy which the Prime Minister has sent on behalf of the government to the government of South Africa in the loss of their Prime Minister, a man who has served his country for many years sincerely and with integrity.

COMMUNIST CHINA—REPORTED ATTACKS ON NATIONALIST ISLANDS

Hon. Sidney E. Smith (Secretary of State for External Affairs): As hon. members are well aware, there have been disturbing reports of increased communist Chinese activity against the nationalist-held islands in Taiwan straits. Since the cessation of the attacks of 1955 it had been hoped that the Peking regime, while disputing jurisdiction over these islands, would not again threaten the peace in this area. At this time I have in mind the concern which I am sure all of us share regarding the grave consequences which may ensue if the Chinese communists resort to force to settle issues in the Taiwan straits.

The United States has a mutual defence treaty with the nationalist Chinese government, and it would of course be for the United States government to decide the nature of its obligations in case of an attempt by the communist Chinese government to alter the status quo in the coastal islands of Formosa strait or of Formosa itself.

I take this occasion to assure the house that the Canadian government has no commitment to involve itself in a dispute over this territory between the two Chinese authorities.

NATIONAL DEFENCE

ANNOUNCEMENT OF UNIFICATION OF MEDICAL SERVICES

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I am sure hon. members will be interested to hear that a decision has been reached to combine the medical services of the navy, army and air force into one unified medical service. This decision has been taken after careful study extending over many months, and is in line with the recommendations of the estimates committee.

The unification will commence on the 1st of January, 1959, and it is intended to include in the plan all medical officers, nursing sisters and non-medical administrative officers. Planning to this end is now proceeding at national defence headquarters, care being taken that the interest of all three armed forces is protected.

The new armed forces medical service will be placed under the direction of a surgeon general, who will be assisted by a single medical headquarters in Ottawa in place of four such medical headquarters as previously existed. Similarly, there will be subordinate regional medical headquarters appropriately located in relation to armed forces requirements both in Canada and abroad. The total number of regional headquarters will be, as a result of their unified character, considerably less than has been the case in the past.

In reaching this decision I have had the advice of the Canadian armed forces medical council, which body includes prominent members of the civilian medical profession. I am satisfied that this move will result in more efficient and economical provision of medical services for the armed forces. As a result of unification, the professional development and career prospects of medical officers will be greatly improved.

MOTION FOR PAPERS

NATIONAL PRINTING BUREAU

Motion No. 37—**Mr. Carter:**

For a copy of all memoranda and other documents prepared and submitted to the Minister of Public Works by the deputy minister and other officials of the department, since June 21, 1957, regarding the national printing bureau.

Mr. Green: Stand.

Mr. Pickersgill: Mr. Speaker, I wonder if the hon. member for Burin-Burgeo does not wish to press this motion.

Mr. Carter: Well, Mr. Speaker, I certainly would like to have this presented today if at all possible.

Mr. Speaker: If the hon. member is not going to allow the motion to stand, I will put the motion.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, may I point out that the request contained in this motion is out of order, because it is not proper for confidential documents circulating within a department to be produced.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, on a question of privilege, I take it that the minister is refusing to table these documents. My purpose in rising on a question of privilege is to state that in the meetings of the committee on public accounts there has been a pretty free and general use of this kind of information relating to the former administration. I had thought—

Mr. Green: Mr. Speaker, on a point of order—

Mr. Chevrier: I have risen on a question of privilege—

Mr. Green: I am rising on a point of order—

Mr. Chevrier: Well, I have already risen on a question of privilege—

Mr. Speaker: Order. I will have to hear the hon. member for Laurier on his question of privilege. We cannot have two interventions at the same time.

Mr. Green: Mr. Speaker, may I submit that the hon. member in rising on a question of privilege—

[Mr. Pearkes.]

Mr. Chevrier: My point of privilege has priority over the point of order, Mr. Speaker, and I was stating that it would seem to me there should be the same free use of documents relating to the present administration as there has been with those relating to the former administration in the committee on public accounts. And, sir—

Mr. Speaker: Order. I must not allow a debate on this motion before it has been decided whether or not the motion is to be put. The hon. member's question of privilege is really an argument in favour of the motion. Do I understand the minister to take the position that this motion is not properly brought before the house?

Mr. Green: Yes, Your Honour. This is a motion demanding the production of confidential memoranda circulating within a department, and as such there is no right to have such a motion made.

Mr. Chevrier: And my point, sir, was that similar documents having been produced relating to the former administration, these documents should be produced now with respect to the present administration.

Mr. Green: Mr. Speaker, whatever happens in committee has nothing to do with what happens in this house. Certainly I cannot be responsible for what takes place in a committee of this house.

Some hon. Members: Question.

Mr. Speaker: It is open to the government to object to any motion of this kind on the grounds that the documents should not be produced and to ask the house to vote against it, but the motion is properly brought before the house for its decision and I will now read it unless the hon. member for Burin-Burgeo wishes to allow it to stand.

Mr. Carter: No.

The house divided on the motion (Mr. Carter) which was negatived on the following division:

YEAS

Messrs:

Argue	Howard
Badanai	McIlraith
Batten	McWilliam
Benidickson	Martin (Timmins)
Bourget	Mitchell
Caron	Pearson
Carter	Peters
Chevrier	Pickersgill
Dumas	Regier
Fisher	Richard (Ottawa East)
Habel	Roberge
Hardie	Rouleau
Herridge	Winch—27.
Houck	

NAYS

Messrs:

Anderson	MacLellan
Baskin	MacRae
Bell (Carleton)	McBain
Belzile	McCleave
Bigg	McGee
Bissonnette	McGregor
Browne (St. John's West)	McIntosh
Browne (Vancouver-Kingsway)	McPhillips
Brunsden	Martineau
Campeau	Monteith (Perth)
Cardiff	Montgomery
Charlton	More
Chown	Morissette
Churchill	Morton
Coates	Muir (Cape Breton North and Victoria)
Comtois	Nasserden
Cooper	Nesbitt
Creaghan	Nielsen
Crouse	Nowlan
Diefenbaker	Nugent
Dorion	O'Hurley
Doucett	Pascoe
Drysdale	Paul
Fairclough, Mrs.	Pearkes
Fairfield	Phillips
Fane	Pratt
Fleming (Eglinton)	Pugh
Fleming (Okanagan-Revelstoke)	Rapp
Flynn	Rea
Frechette	Regnier
Grafftey	Ricard
Green	Rogers
Hales	Simpson
Hamilton (Notre Dame de Grace)	Skoreyko
Hanbidge	Smith (Calgary South)
Harkness	Smith (Hastings-Frontenac)
Hees	Smith (Simcoe North)
Henderson	Smith (Winnipeg North)
Hodgson	Southam
Horner (Jasper-Edson)	Speakman
Horner (The Battlefords)	Spencer
Jones	Starr
Korchinski	Stefanson
Kucherepa	Tasse
Lafreniere	Thomas
Lambert	Tremblay
Latour	Villeneuve
Legere	Walker
Macdonald (Kings)	Webster
Macdonnell	Weichel
MacInnis	White
MacLean (Queens)	Winkler
	Yacula—105.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to address a question either to the Minister of Transport or the Minister of Labour. Would either minister care to inform the house as to the state of affairs in regard to the dispute between the railway unions and the two major railways? Does the government intend to discuss with the parties concerned a possible solution and, in particular, is the government prepared to discuss with the railways the possibility of the railways accepting the federal conciliation board majority report?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we have received a communication from the unions accepting the majority report of the conciliation board. So far we have not received any word from the railways, but from all indications we expect that such a communication will be received some time this week. A decision will then be made as to the next step in this dispute, which will depend, of course, upon the answer received from the railways.

BRITISH COLUMBIA—FEDERAL INTERVENTION IN LONGSHOREMEN'S STRIKE

On the orders of the day:

Mr. John Drysdale (Burnaby-Richmond): Would the Minister of Labour advise the house as to what steps are being taken by the federal government to solve the current dispute between the British Columbia shipping federation and the 1,500 members of the international longshoremen's and warehousemen's union involving the ports of Vancouver, New Westminster, Chemainus and Port Alberni?

Hon. Michael Starr (Minister of Labour): I notice that in my absence on Saturday, August 23, the hon. member for Megantic asked a similar question, and I hope that in my reply I can answer both questions.

The government interceded in this dispute at the request of both parties as of March 25 of this year. A conciliation officer was appointed at that time, and when he was unable to bring both parties together in respect of a settlement a conciliation board was appointed. This took place on April 15, and on July 25 the majority report of the conciliation board was received but was rejected.

At the moment the representative of the Department of Labour on the west coast, Mr. Currie, is in constant touch with both parties on an almost hourly basis, and we are hopeful that this intervention will result in bringing both parties together in a settlement of this dispute.

UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT WINTER PROGRAM

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, may I ask the Minister of Labour if he would care to comment on a Canadian Press dispatch in this morning's newspapers to the effect that informed federal sources believe that unemployment next winter will reach new heights? Could the minister inform the house as to what action the government is planning to prevent this increase in winter unemployment?

Inquiries of the Ministry

Mr. Speaker: I am sure the hon. member does not expect an answer to a question of that breadth to be given on orders of the day.

Mr. Argue: If I might ask a supplementary question, could the minister inform the house when he can make a statement on the conference which was held in Ottawa and the report which he informed the house a few days ago was being dealt with by his department? Can the minister say what steps are being taken to act on the basis of that report?

Hon. Michael Starr (Minister of Labour): I expect to make the report available to the government in a very few days so the government may have an opportunity to study the recommendations that have been made.

ROYAL CANADIAN MOUNTED POLICE

REPORTED INVITATION TO PERFORM MUSICAL RIDE AT LITTLE ROCK, ARKANSAS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In the absence of the Minister of Justice perhaps I might address this question to the Secretary of State for External Affairs. I regret that I was not able to give him notice, but this matter has just been drawn to my attention. Is it true that the Royal Canadian Mounted Police have been invited to stage their musical ride at Little Rock, Arkansas, and, if so, what attitude does the government intend to take toward this invitation?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, of course I have no knowledge of this situation, but I must remark that I find this type of question most interesting and intriguing.

ADMINISTRATION OF JUSTICE

ROBERT BOUDREAU AND AUBREY BLADES—REQUEST FOR COMMUTATION OF DEATH SENTENCE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): In the absence of the Minister of Justice, might I direct this question to the Prime Minister. Is it not possible for an immediate decision to be made with relation to the commutation of the death sentence to life imprisonment for Robert Boudreau, age 16, and Aubrey Blades, age 17, who are both due to face the hangman in a few days, namely on September 4 next?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in the ordinary course of events this application will come before the governor in council within a day or so, and the decision of the governor in council will be announced thereafter.

[Mr. Argue.]

UNEMPLOYMENT INSURANCE

INQUIRY AS TO DATE OF RECEIPT OF ADVISORY COMMITTEE REPORT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of Labour on what date the government received the report of the advisory committee of the unemployment insurance commission which was tabled in the house the other day?

Hon. Michael Starr (Minister of Labour): I do not have that information at the moment and I do not want to reply from memory, but I will check into the matter and give the information to the hon. member.

Mr. Pickersgill: May I ask as a supplementary question if it was received before the minister's estimates were completed in the house?

Mr. Starr: My reply to that question is the same as my reply to the first question.

WATER RESOURCES

CHICAGO DIVERSION—SITUATION RESPECTING UNITED STATES LEGISLATION

On the orders of the day:

Mr. N. L. Spencer (Essex West): Mr. Speaker, I wish to direct a question to the minister of external affairs. The United States congress has now adjourned its session. Has the Secretary of State for External Affairs any information on the fate of the bill which would have provided for the diversion of additional water from lake Michigan at Chicago?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I am happy to inform the house that I received information only this morning from our ambassador in Washington that this bill relating to the diversion of water at Chicago was not passed at this session of congress.

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS—CONTINUANCE OF C.B.C.

Hon. George C. Nowlan (Minister of National Revenue) moved the second reading of Bill No. C-55, to establish a board of broadcast governors and to provide for the continuance of the Canadian Broadcasting Corporation.

He said: Mr. Speaker, in rising to move the second reading of this bill, which is of great importance, I could perhaps be forgiven if I spoke at considerable length. Certainly the subject matter warrants it. But in view of the fact that I have already spoken

on three previous occasions this session on the matter of broadcasting generally, I am sure the house will understand—and will even appreciate it—if I speak very briefly on this occasion.

There are one or two preliminary remarks I should like to make before referring to the bill itself. The Leader of the Opposition, in speaking on the resolution the other night, as did the hon. member for Bonavista-Twillingate and, I think, other hon. members, suggested that the bill be introduced and allowed to stand until another session. The government cannot accept that suggestion, and proposes to go forward with this legislation, in the hope that it will meet with the approval of the parliament of Canada, and to enact it in due course.

There are various reasons for this. One, I think, is very obvious. It was in 1955 that a royal commission was appointed to consider broadcasting in Canada, and there had been much discussion prior to that date regarding the attitude which the government of that day would take toward broadcasting. Therefore, from at least 1955 down to the present time there has been an atmosphere of uncertainty with respect to broadcasting generally and in particular with reference to the Canadian Broadcasting Corporation, and I do not think it would be fair to the staff of that organization, the people who are heading it and the thousands who are engaged in it to continue this atmosphere any longer.

I think Canada owes a great debt to the Canadian Broadcasting Corporation, its officials and its personnel, for the work they have done, and it is certainly a tribute to their morale that they have been able to carry on as they have during these uncertain days. For that reason, if for no others, I think it will commend itself to the house that the bill be enacted and the situation clarified so that both the C.B.C. and the private stations may know what is ahead of them and what will be done. We therefore propose to proceed with this legislation in due course.

One other remark should be made at this time. At the opening of parliament this government undertook to have a committee appointed to deal with this legislation. That was an undertaking given on behalf of the government and, of course, we are prepared to carry it out. If the house requests it a committee will be appointed after the bill has received second reading, and the measure will go to that committee. The spokesmen for the C.C.F. group indicated the other day that the opinion of their group was that it was not advisable to have a committee at this time. As I say, with regard to that matter the government is in the hands of the house, but I would point out that the legislation creates a framework and nothing else; it establishes a board of broadcast governors; it reconstitutes and reaffirms the Canadian Broadcasting Corporation, and lays down certain broad general principles. The details have to be filled in by regulation and, frankly, I do not know just what a committee could do at this stage in dealing with this bill.

If there were obvious objections to the bill in principle and there was a possibility of having those objections at least aired, if not corrected, in committee, I could understand why the bill should go there. But I think on the whole, if I may be forgiven for saying so, this bill has met with general acceptance across the country. We can see that from the editorials and the general comment in the press. If the bill were to go to a committee today or tomorrow, just what could be done about the details? We could not ask about the regulations, because the regulations are going to be prepared by a body which has not yet been constituted; and if we were asked as to the personnel, I can say this quite frankly. This government has given no consideration whatsoever to the appointment of the personnel of the board of broadcast governors and/or the board of directors of the C.B.C. We have been dealing with broad general principles, and we have not given consideration to the personnel thus if a committee were constituted and were to ask who was going to be on the board, I should have to say frankly that we had no idea at all.

I have received several hundred letters, I may say, from persons suggesting that they have all the qualifications necessary for such appointments, and I have received as many letters from people suggesting names which they consider to be highly suitable.

Mr. Pickersgill: Would the minister table them?

Mr. Nowlan: It would amount to a whole volume.

As far as the regulations are concerned, they are to be promulgated by the board itself, and neither I nor anyone else can say, except in very broad outline, what they are going to be. So, frankly, I do not know what purpose would be served by a committee at this time. However, if the house wants a committee it will get one. I might, however, point out that this house will probably close, we hope, this week, next week, or some time in the relatively near future. I suspect there will be a certain amount of breath taking and a little relief from pressure, and that the government will then be dealing with the backlog of matters

which hon. gentlemen know always accumulate during a session. Then it will give consideration to the personnel of these two boards.

When they will be appointed I cannot say, but knowing something of how governments work and the time it takes with respect to a broad national board to select personnel representative of this whole country, taking into consideration its vast geographic areas and all the rest of it, it is obvious the board is not going to be appointed too soon after parliament rises. I would think, as a matter of fact, the board would just nicely be in operation and have begun drafting regulations and so on when this parliament again reconvenes.

On behalf of the government, Mr. Speaker, I would say that if it is requested at the next session of parliament, we will shortly after the session begins set up a special committee of the house to deal with radio and broadcasting generally. All these matters can be referred to that committee, and perhaps the committee can watch the organization take shape and form and grow during the session rather than speculate, which is all we can do now concerning the operation of the bill.

As to the bill itself, there are two broad general principles laid down. The Prime Minister before the election, as did other hon. members of this party in years gone by, stated that he felt it was inadvisable to have the Canadian Broadcasting Corporation acting in a dual capacity in, both passing and operating regulations and passing judgment on broadcasting. One of the fundamental principles this government wanted to see was the divorcing of those two functions, the operating and the regulatory. This bill does that. Through the medium of this bill we will have established the legislative framework for a broad national board of 15 members, three full time and the others part time, who will be entrusted with the various duties laid down by this bill. The principle set forth in clause 10 of the bill is, I think, worthy of repeating here:

> The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.

That, Mr. Speaker, is the crux of the situation. You cannot legislate good broadcasting; that is impossible. You can have the best act in the world, and if the right personnel are not appointed to these boards then the act will be a failure. On the other hand you can have a poor act and obtain the very best results because of the personnel who are selected. As I see it, Mr. Speaker, that is the core of this matter.

Incidentally, as a side note, I wish to relate an incident that occurred the other day. I was speaking to a former member of the original board governing broadcasting who told me that when the broadcasting bill was brought down by the Bennett government, I think in 1932, the government had spent weeks and months drafting the bill. It was discussed in parliament at great length and went through a committee where it was carefully examined. Everything was done in connection with the bill. Before the board held its first meeting it was found that the bill contained one clause which made it practically inoperative. Despite that flaw in the legislation they carried on with their work.

That is one thing that is established by the present bill, the board of broadcast governors, which will have general supervision over private and public broadcasting in Canada. I wish to pay my tribute here to those involved in the C.B.C. and public broadcasting generally, and to the private broadcasters as well. There are varying records of performance in those groups, but on the whole a great deal has been done and this country has been extremely fortunate in its public and private broadcasting and the co-operation that has existed between private broadcasters and the C.B.C. I am sure this co-operation will continue in the future.

It will be the policy of this government in selecting personnel to select no one who is associated with broadcasting in any way. There may be obvious defects in that policy, but there are also obvious advantages. Also, no one who is not a Canadian citizen can be selected. The thought is that this board, wisely chosen as I trust and believe it will be, will develop, strengthen and maintain broadcasting in Canada in an integrated system, both public and private.

The other phase of this bill, of course, concerns the Canadian Broadcasting Corporation, which is continued. The name "board of governors" has been dropped for obvious reasons. We will now have a board of broadcast governors and the name "director" has been chosen in its place. This corporation will be continued and will have the operative—and only the operative—factors of the broadcasting system under its responsibility and control.

Those, Mr. Speaker, are the broad general outlines of this bill, coupled with the fact that to the board shall be given the power to make regulations on a broad basis; and

on those regulations and their enforcement will depend the success or failure of the future of broadcasting in this country.

I will not anticipate the debate, but I know there are certain comments which could be made to which I will probably have the opportunity of replying. It is not for me to express the hope as to when the bill will be passed, but I believe I have said sufficient for the time being to sketch the broad outlines of this bill, and I commend it to this house for its favourable consideration.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister and I hope the house will forgive me if I spend a great deal more time on the second reading of this bill than the minister did at this stage in the debate. The minister will also perhaps not be surprised if I do not share the satisfaction he has expressed about this bill, or if I attribute a great deal more importance to it than he has indicated in his remarks that he attaches to it at the present time.

The minister said the bill was more or less in the nature of a framework which would have to be filled in by administration and operation. I believe it is much more than that, and I shall endeavour to indicate as I go along why I take that view. As a matter of fact, it is because we consider this bill so important and indeed so complicated that we condemn the government for introducing it along with two other bills of major importance, one on customs procedures and one on human rights, in the dying days of a long and exhausting session. We consider that this procedure in regard to a bill of this importance is indefensible.

The minister said that if we requested a parliamentary committee to be set up this session the government would accept that suggestion, because it saw fit to include such a reference in the speech from the throne. But the minister also indicated, and it is a hope shared by a great many people, that this session will be brought to an end within a short period of time. If that is the case, much as we would like to see a committee deal with this bill in this session, there certainly would be no opportunity at this time for such a committee to give the kind of consideration to this bill which is required. The committee should have an opportunity of calling witnesses and receiving submissions and views of interested parties affected by this bill. There would be, I fear, through a committee set up this session no opportunity now of giving this bill the careful, complete and unhurried committee examination which its importance certainly warrants.

On behalf of the government the minister has rejected the other suggestion I ventured to make when we were discussing the resolution before the introduction of this bill, namely that it should be held over until the next session when it could be considered as a bill, not as an act, by a committee of the house which would be set up at that time. The reason the minister seems to object to this is that it would leave the whole situation in an uncertain position; that it would prolong the uncertainty which now exists in regard to broadcasting in this country, and that it is desirable to get this matter cleared up at once by the passage of this bill. But the minister also said, and I think he was right in saying it, that it is going to take quite a long time to appoint all the members of those two boards. If I heard him correctly, he indicated it might take almost the whole of the intervening period between now and the calling of the next session to make the appointments.

If that is true, and it may well be true because, as the minister says, it takes a lot of time to make appointments of this kind—and there are 25 to be made under this bill—then that uncertainty which he talked about will be prolonged, whether we pass this bill or not, until even the next session. Therefore that argument, it seems to me, against submitting this bill to a committee next session for the kind of consideration which it should get, falls to the ground.

Apparently the government has decided to rush this bill through at the end, or just before the end, of this session. That procedure is to be condemned all the more because we on this side brought the necessity of an early declaration of legislative policy on this matter to the attention of the government six weeks ago; I think it was six weeks ago today. Well, apparently this procedure which we suggested as the most sensible, the most democratic form of procedure to take, of submitting this bill to a committee at the next session of parliament after it has been given preliminary consideration at this session, is not to be adopted. We regret that, because it seems to us a procedure which would respect both the rights and the responsibilities of parliament and of the public. Even now, in spite of what the minister has said, I plead with the government to reconsider the matter and perhaps adopt this course.

I rest my case for that plea on the fact that this is an important and complicated bill, indeed a bill of the highest importance in the national development of this country. It is not a bill which is easy to understand in all its details. However, we are now on second reading, and I assure the minister that we on this side will do our best to bring

the weaknesses of this bill to the attention of the government. We shall give it the detailed consideration, in so far as we are able, which it deserves when it reaches the committee stage. Certainly, as I have just said, its importance in our view can hardly be exaggerated.

In no sector of our national life more than in the field of broadcasting is there a greater and more continuing need for strong and independent public service and public control. This sentiment has been expressed more than once in this house, and by the minister himself, that to strengthen and preserve our cultural life and ultimately perhaps develop and preserve our national identity, broadcasting should be brought and maintained under strong public control. Canadian ownership and control of our material heritage, of our natural resources, of our means of production is, of course, as necessary as it is desirable; but that control would lose a great deal of its significance in our continued development as a nation if we lost public control over this important aspect of our non-material life, of our cultural life.

This was certainly appreciated in the earliest days of parliamentary consideration of broadcasting legislation, Mr. Speaker. Certainly earlier statutes—I propose to mention two of them—were not rushed through parliament. I go back to 1932, when the first basic broadcasting legislation in this country was introduced by Right Hon. R. B. Bennett in a bill in that year. Before that bill was introduced—and I commend this precedent to my hon. friend—the Aird royal commission had been discussing broadcasting for many, many months, I think perhaps for as long a period of time, though I may not be accurate in this, as the Fowler commission. Indeed, the Aird commission was set up, I think, in 1929 and Mr. Bennett brought in his bill in 1932.

But in spite of the consideration given to the matter by that commission a parliamentary committee was set up at once, consisting of nine members of the House of Commons. That committee gave very careful and non-partisan consideration to the report of the Aird commission. The committee met 26 times over a period of six weeks and received 53 briefs and submissions. It then made a unanimous report to the house. It was on the report of that parliamentary committee that the 1932 legislation was based.

Again, in 1936 new broadcasting legislation—there had been some amendments to the earlier act before this—was brought in by the Liberal government. Again a parliamentary committee was set up before that legislation was considered in this house, consisting of 23 members who met for two months and gave very careful study to the whole matter. Twenty-five meetings were held and 37 witnesses were heard. That report, as hon. members will recall, recommended the repeal of the 1932 act and the setting up of the Canadian Broadcasting Corporation as it has existed since that time.

In those days, Mr. Speaker, we had careful, exhaustive parliamentary examination before legislation was passed. That procedure reflected the concern about public and parliamentary control of this vital national service, concern which was felt not only by members of parliament but by the people of Canada, and concern which they still feel today, concern over the necessity of doing nothing by legislation to interfere with a strong and independent national broadcasting system.

At the first stage of public and parliamentary consideration of this matter, the first stage of Canadian radio history was that perhaps initiated by the Aird report in which, remember, it was proposed to establish a public broadcasting agency in Canada which would take over and absorb all the private stations operating at that time. It was felt that broadcasting should be exclusively a public service.

The second stage began with the act of 1932, when it was decided to have a single national broadcasting system which would be operated basically as a public service; but private stations would be permitted to function, I emphasize, under the control and regulation of the public agency as an integrated part of a national system to complement on a local and regional basis the public element which was to remain in any case the heart and backbone of the national system.

When private stations were given this complementary and important role at that time under the direct supervision of the public broadcasting agency, that meant that we did have indeed a single national broadcasting system operating primarily as a public service. Experience since that time has shown that the private stations, under the conditions I have mentioned, could and did render very useful services and in a manner very profitable to themselves.

We must bear in mind, however, that an essential and clearly recognizable feature of that system was that these private stations had no special rights of their own. They had a privilege granted to them by the government, and it was a profitable one, of being part of a national system. In a sense they had, rights of course, but only rights as part of that national system. If they were granted more rights it was feared that the national

system might suffer, that pressures on government might develop which would be too strong for the independence of the public element of the national system.

The minister may remember that the Right Hon. R. B. Bennett was one who warned against that possibility in the 1930's. It is interesting to note that he argued strenuously against the 1936 bill because he thought that placing the licensing authority under the Department of Transport would put the C.B.C. "completely under the power of the government and expose it to pressures and influences which would weaken its national character." Mr. Bennett was particularly worried that the government would not be able to withstand pressures from private broadcasters who, he warned the Commons of that day, as found on page 3710 of *Hansard* for June 15, 1936, "have been watchful of their own interests and have determined that if it is within their power this facility"—radio broadcasting—"is not to function as a public enterprise."

These direct pressures may have been resisted and I think were resisted more effectively than Mr. Bennett thought would happen but, of course, they have not ceased, and none of us needs to be surprised at this. The fact that they have not ceased was shown by the presentation of a brief to the Fowler commission by the Canadian association of radio and television broadcasters, Exhibit 312, in which they proposed that in principle the burden of providing broadcasting facilities to the nation should be largely shifted from the shoulders of the Canadian taxpayers to Canadian industry. The implication of that statement is clear and it arouses all the more anxiety in us because over the years we have perhaps begun to lose sight of the initially accepted doctrine of public control through a national system and of the vital necessity of maintaining and strengthening that system.

What was at once, for instance, as I have stated, a privilege for private broadcasters has gradually become a vested interest and eventually has been invoked as a right. As soon as this privilege could be put forward in public discussion as a right, which of course it was not, then the position of the C.B.C., the public corporation, could be attacked on the ground that the public agency was at the same time a judge and a competitor. Under our system of broadcasting over the years since 1936 the C.B.C. in one sense, and perhaps it was an undesirable sense, was a judge controlling, appraising and supervising certain aspects of the operations of private stations. But that was always done within the framework of the essential features of our national system. Strictly speaking the C.B.C. was not a competitor with the private stations, as those stations did not have separate rights to claim but rights which were merely an extension and complement of the national system.

I have dwelt on this matter at some length because it seems to me it is quite important for us to bear in mind the historical background and these essential features of our present broadcasting system as we consider the proposed legislation which, it may be argued, makes only superficial framework changes in our set-up, changes designed merely to eliminate—and I am not objecting to this—the so-called incompatibility of functions of the C.B.C., and to assure just and fair treatment to the private stations. While the bill may appear to be doing only that, if it is studied carefully and analysed in all its possible implications I suggest it may be found to change in a substantial way the very basis of our broadcasting system. Perhaps it would be more accurate to say that it is a sanctioning by law of changes which had been creeping in.

Members of the house and the Canadian public should be very clear as to what the government is proposing to do in the bill, because once a decision has been made with regard to it, it will be very difficult indeed to reverse any undesirable consequences of that decision and change again the broadcasting set-up we are now being asked to approve. On second reading, of course, the criticisms I propose to put forward will be general in character, because we will have an opportunity in committee to deal with the specific clauses of the bill.

As I see it, however, there are certain major defects in the legislation. First, in my view it goes a long way toward creating two national broadcasting systems. Second, it weakens the Canadian Broadcasting Corporation in some undesirable ways. Third, it provides for an undesirable and cumbersome administrative setup. There are, of course, some good features in the bill, but it is not my purpose to dwell on them. I thought the minister would have spent a little time on the good features of the bill when he spoke.

Mr. Green: How are you going to vote on it?

Mr. Pearson: I will come to that. If my hon. friend has any doubt on that matter that doubt will very soon be clearly removed. There are, of course, some good features in the bill which may improve the national system, and by facilitating the extension of that system in its private and public elements may give viewers more and varied television and radio enjoyment. This will depend, as the minister has pointed out in other contexts, on how it is set up and administered. If that can be done through private as well as public

stations without weakening the national system as a whole, that will be fine. The viewer and the listener are certainly entitled to every reasonable and practicable consideration in this matter.

On the other hand, and it is the other hand about which I am concerned at the moment, there are provisions in this bill which I consider to be harmful and perhaps retrogressive. This might not worry us so much if the provisions of this bill when it becomes law were to be implemented and enforced by a government composed of persons who in the past had shown that they really believed in a strong, independent Canadian broadcasting corporation as the mainspring, the essential part, of our national system, and who could be counted upon to use the provisions of this bill for that purpose. However, the opinions of some of the members of the government as recorded in *Hansard* do not give us too much confidence in that regard.

My first criticism then, Mr. Speaker, and I am going to dwell on this at some length because I think it is a very important criticism, is that this bill might weaken the principle of one national system. We have been told by the minister on more than one occasion that this bill is based on the recommendations of the Fowler commission. This commission, in its report, warns us more than once against any action which might lead to the creation of two systems of broadcasting in this country, one public and one private. It is my submission that this bill could lead to just that.

I know, of course, that section 10 of the bill, to which I think the minister referred a few minutes ago, mentions the continued existence and efficient operation of the national broadcasting system as an aim and objective of the new regulatory body. But in fact, as I see it this bill, whether intentionally or not, may have the opposite effect. Under it the Canadian Broadcasting Corporation complies with regulations imposed by the proposed board of broadcast governors, and will conduct its activities separately. It will have its own responsible minister through whom it will report to parliament, and not through the board of broadcast governors.

On their part the private stations, whether they operate separately or as a part of a network, will be now entirely apart from the C.B.C. Certainly this bill, as I interpret it, gives the C.B.C. no special position, no predominance which would enable it to discharge more effectively its national responsibility. Both the private and public sectors of broadcasting would, as I read the bill, appear as equals before the new board which would regulate their separate activities and their relationship. This board would report to parliament through its minister independently of the C.B.C. board. There are some who may approve of this, but I am not one of them because I feel that this provision may well lead for all practical purposes to the serious weakening, with all the consequences that may follow from that weakening, of the single national system, something we have always considered to be essential and which indeed is put forward as a main objective of the bill itself.

This seems to me a very important change from the concept of broadcasting in Canada which we have held in the past. First, as I have said, the private stations were to disappear. Then it was realized, and quite rightly, that they could be of value on the local and regional level. It was decided therefore, as I tried to point out, that they should operate in that way, complementing the public service. Now under this legislation the private stations would secure equal rights with the C.B.C. before the new board.

While it may appear that the two elements in the system, private and public, have equal rights before this new board of broadcast governors, in fact it is clear that their position before that board will not be the same. The private broadcasters, while rendering a valuable service—and we on this side have always admitted the value of that service—have to make a profit to survive. They must continually keep that necessity in mind when they appear before the new board. Such things as more advertising, lower costs through minimum regulations and standards, the Canadian content of programs, and so on, would naturally be their main preoccupation when they appear before this new board.

I know, and the Fowler commission confirms it, that the C.B.C. did not always exercise adequate control over private stations in their programming. I ask, will the new board do better, especially in the face of the new and more independent status achieved by the private stations? Will the new board not have as a major consideration the financial problems and costs in determining the program standards and advertising control? Its regulations, however, cannot discriminate between public and private stations. These regulations will have to be the same for everybody, and as a result it may well be that the uniform standards which will have to be adopted by the new board will have to fit the financial situation of the weakest private station, even if it is part of a C.B.C. network and is subsidized in the same way as now happens by the C.B.C. Will there not be a danger that the standards

which will be laid down as of uniform application will be too low? I suggest that this is a danger, even though in practice those standards applied by the C.B.C. will be, as I certainly hope they will be, higher than those prescribed by the board for all stations.

In short, Mr. Speaker, what I am trying to point out is the danger that under this legislation broadcasting in Canada may cease to be conducted by a single national system, mainly as a public service, and we may come to have two systems, one public and one private, becoming more and more independent of each other and having equal rights and status. They will tend then to develop along parallel lines, meeting before the new board only when operating licences are discussed or disputes decided. Therefore, instead of clarifying and strengthening the present situation this bill is likely to create confusion and uncertainty. It certainly raises many doubts and some anxieties.

This new board of broadcast governors, because the C.B.C. program standards will likely be above the minimum prescribed, will tend to become a regulatory body for private stations only, influenced increasingly by the financial situation of those private stations. More and more, then, this board may be concerned with private stations rather than the control and regulation of a national system. I submit, Mr. Speaker, there is a very real danger in this to that system. Surely in the light of this possibility, and it is a real possibility, this bill with all it involves and with all it implies should have been reserved for the most careful and critical examination of a parliamentary committee before it was either adopted or rejected.

Another basic weakness of this new bill which bears on the dangers to the national system which I have mentioned is that it provides for two boards of a generally comparable character. If these two boards do not get into each other's way, or indeed into each other's hair, with resulting confusion and conflict it will be because one of them—more likely perhaps the C.B.C. board—will become more or less useless. The Fowler commission report has been put forward as the basis of the legislation which the government should adopt, but let us see what that report had to say on this very important point of two boards. I read from page 134 of the report:

> But suppose . . . we had the two boards set up today;

And that is what is being proposed.

> —one, a board to supervise the operations of C.B.C., the other a board to regulate and control the operations of both C.B.C. and private stations and to deal with licensing matters.

The report goes on:

> The two boards, composed of people of similar background and qualifications, operating in many of the same fields and necessarily in close contact with each other either would draw together or pull apart. If all were harmonious between them, if they generally thought alike and agreed with each other, the situation would quickly become indistinguishable from that existing today; except that it would be more cumbersome to have a double review of many issues and more expensive to the taxpayer. Alternatively, if the two bodies (as is probably more likely) pulled apart, one or other would be bound to assert dominance, through the skill and strength of personality of its members, especially of its chairman. If the C.B.C. board became dominant, the regulatory body would tend to become a cipher; it would be an extra expense and formality to approve, generally, what the C.B.C. wanted. On the other hand, if the regulatory board became dominant, and the real centre of power, the C.B.C. board would become unimportant, and real control would be exercised by the regulatory body over both the C.B.C. and the private stations as well. As far as management of C.B.C. was concerned it would be frustrated; as far as control was concerned it would probably become a more active and onerous regulation of private stations by the body interested in and dominating the C.B.C.—the very basis of the present complaint.

This excerpt from the report concludes:

> As a practical matter, we do not believe you can have two administrative bodies, appointed by the same government and with similar personnel involved in the regulation of broadcasting, without having duplication of expense and effort, undesirable friction between the two, and a loss of efficiency.

This leads me to our second criticism of this bill, which is indeed implicit in what I have been saying; namely that this bill might lead to the weakening of the Canadian Broadcasting Corporation. I have already implied that this might happen and if it does happen it will be very unfortunate indeed. But having said that, I would like to make it perfectly clear that if we on this side of the house are opposed—as we are opposed—to any measure which in our view tends to reduce the independence and efficiency of the C.B.C., we would also be opposed to anything which would result in unfair treatment of the private sector of broadcasting.

I cheerfully admit that there are some provisions in this bill which from the point of view of the private broadcasters might perhaps give them fairer treatment in some matters. We have always said and we still believe that the private broadcasters up to today have rendered a very useful service to Canada. In certain instances they could no doubt have improved their standards, as pointed out by the Fowler commission, but we on this side of the house believe that in spite of some deficiencies—and the C.B.C. has also shown evidence of some deficiencies—the private broadcasters now constitute an integral and valuable part of our national system.

Having said this I wish to emphasize once again, because I think it requires repeated emphasis, that we in this party still believe that broadcasting in Canada should remain, in the interests of national development if for no other reason, basically a public service. Furthermore we believe that the expansion and the independence of the C.B.C. as an agency indispensable to our national system should continue to be preserved, guaranteed and strengthened. We do not find any satisfactory guarantee in that respect in this proposed bill. On the contrary we believe that the status of the C.B.C. is weakened by it in several ways, and whether or not one approves of that weakening, I think it is important to know the facts of the matter.

In the first place this bill does not give the C.B.C. clear control of its own networks. That control, as I read it, is not clearly assured in this bill. In the second place, in this bill—and perhaps there are those who would approve of this—the C.B.C. loses its power to recommend the issuance of new licences, which power is transferred to the new board of broadcasting governors. This could prevent the C.B.C. from expanding when it is required, and could interfere with its competitive position vs-à-vis the private broadcasters.

Whether this will happen will largely depend, of course, on the personnel of that board, and I fully agree with the minister that this is a vitally important feature of this legislation. The minister said the other night that any piece of legislation in the world can operate only as well as those who are appointed to administer it, and perhaps no legislation which has come before this house for a long time has made this fact more apparent and indeed obvious; because in this legislation 25 men are to be appointed to administer it. Nevertheless, while it is true that so much does depend upon the administration and upon the calibre of the men appointed for that purpose, the possibility I have mentioned with respect to the weakening of the C.B.C. is, in my opinion, more likely to be realized under this bill if the new board operates in some of the ways I have mentioned. If the minister when he replies could assure me on this point I would be most grateful.

A third danger to the C.B.C. as a result of this bill is, as I see it, that the new administrative set-up of the corporation will become more cumbersome, and its independence will be somewhat less than that which now exists. It will have its own board, but its activities will be subject also to regulation, at least in principle, by the new board of broadcast governors. It will also have to submit its activities for approval to the responsible minister each year—also to the Minister of Finance, and I will come back to that in a moment,—and to the governor in council and finally to parliament. It will readily be seen that in this procedure there will be opportunities to restrict the C.B.C.'s activities, to discourage leadership and enterprise within the C.B.C., and to tamper with its independence which is so essential to the corporation.

I would like to support that statement by reference to some of the provisions of the bill in question. The C.B.C. will now not only be shorn of its former power and influence in the maintenance and development of the national system but will, I think, now be more exposed than it has been to the possibility of political interference. It was this operating phase of the C.B.C. that the Fowler commission wanted to protect against the ever-present threat of government interference, and that was one of the primary reasons why the commission recommended a single board of governors.

I suggest that the bill before us does not safeguard the C.B.C. sufficiently against this danger. Under existing legislation the operating personnel of the C.B.C. from the general manager down are insulated, if I may use that word, from direct political pressure and political interference by the presence of a board of governors and a full time chairman of that board. That particular form of insulation has now been removed.

Perhaps the minister will say that something else has been put in its place, but I suggest that the new insulation is not going to be as effective as the old. The senior executive of the corporation now will be the president, who will also function as chairman of the board of governors of the corporation, which means that the responsible minister will now deal directly with the senior operating officer of the corporation—the president—instead of with an officer removed from day to day operation, the chairman. The new board will no longer be able to act, as it did formerly, as a protective shield for those concerned with the development, production and broadcasting of programs.

I am coming to the end of my criticisms, the minister will be glad to learn. However, there is a fourth and, I think, very important consideration, and one which makes us critical of this bill. It has a bearing on this matter of political interference which I have just mentioned, and it concerns the financial provisions of the bill which, we think, are such as to weaken rather than strengthen the independence of the C.B.C. from government. At the present time, as the minister knows, parliament has earmarked specific sources of revenue to the C.B.C. which, together with

the income derived from commercial operations, ensures at least a degree of financial independence. During some years it allowed a very high degree of financial independence, though I agree that in recent years the gap between those revenues and the needs of the C.B.C., especially in the field of television, has been increasing and has had to be filled by annual appropriations by parliament.

As the minister knows, the Fowler commission devoted a great deal of time to this financial problem. In fact that was the main reason why this commission was set up in the first place. And the conclusion of the Fowler commission which, I think, is rejected in this bill, was that a very high degree of financial independence had to be maintained in order to prevent unwarranted governmental interference with operations and to permit sound planning. The commission put forward what were, in its consideration, three possible methods of financing designed to preserve the prerogatives of parliament, to maintain the independence of the C.B.C. and to meet the need of the corporation for funds, a need which was bound to grow in the years ahead. In that connection the commission said on page 256:

> The greatest financial weakness of the C.B.C. has been the lack of an assured and definite basis of current financing.

I do not intend at this stage to discuss the merits of the various suggestions which were put forward by the Fowler commission or, indeed, of other suggestions which have been put forward to ensure that the weakness referred to by the commission might be removed. At the present moment, during this debate on second reading, I am more interested in the very important principle which is involved here of establishing, in so far as it can be established, the reasonable financial independence of the corporation so it can plan ahead. I am quite confident that a practical solution safeguarding this principle, and also safeguarding the principle of parliamentary control, could be found if the government desired to find one, but it seems to me that the present bill neglects both these principles and the recommendations of the Fowler report concerning them. This is one of the things that worry us most about this legislation, and it is one of the reasons we do not find it acceptable.

If the proposed legislation is approved the C.B.C. will have no independent source of revenue whatever except the revenue it derives from its commercial operations. Not the listener, nor the viewer, but the taxpayer will pay everything else, and its financing will therefore depend to a much greater degree than formerly on the discretion of the Minister of Finance, whose views on the C.B.C. are well known, and on the minister responsible, and on the governor in council.

That, as I have said, is one of the disturbing features of this legislation which we cannot accept. We fear that using this system of annual appropriations and nothing else under a government not too enthusiastic about the C.B.C.—and we have no reason to believe the present government is too enthusiastic about it—the activities and the necessary expansion of the corporation could be prejudiced and the power of the purse used annually could impose the views of government in a field where this kind of interference could be damaging to the right of the people to be informed objectively.

I am not stating, Mr. Speaker, that this will happen, but I do state that it could more easily happen under this legislation than it could under the previous legislation.

This proposed method of financing also hampers the management with regard to planning its operations ahead over a reasonable period of time. I agree that in the bill before us, clause 35, subclause 2, the corporation is required every five years to submit to the minister to whom it is responsible, and to the Minister of Finance, a capital expenditure program covering a five-year period, but there is nothing in this provision which stipulates that this program must be submitted to parliament for consideration, or even made public. If a government chose, that report could become merely an accounting exercise.

It is interesting to recall that while the Fowler commission insisted that the C.B.C. should be given a reasonable assurance of funds over a reasonable period of time for operational purposes, the commission opposed extending that period of time for capital development purposes. The minister must remember that in the report the commission says that the capital program of the C.B.C. can only be determined year by year, while the operating programs should be formulated four or five years ahead. This bill completely reverses that principle, and it is laid down that the capital program shall be considered for five years but the operating expenses covered by appropriations through parliament each year for one year only. And the corporation would have no other source of revenue except that derived through its commercial operations.

Then there is one final criticism which the minister would certainly expect me to make, and on which I have already touched in reference to other aspects of the bill. That is that this measure sets up a cumbersome and undesirably complicated machinery. I suggest to

the minister that he and his colleagues have soon forgotten what they used to say in opposition about a multiplicity of boards and commissions as a solution for every government problem.

In the first place, as I have already said, these two boards and the way they will be reporting independently of each other to the minister may easily lead to conflict, confusion and duplication. As I have tried to point out, the Fowler commission warned specifically against that. The creation of these two boards is unnecessary, unwise and costly. Moreover—this will be the minister's problem; he has already indicated that it is a problem, as indeed it is—it may not be too easy to find 25 or 26 first-class people in Canada who are not connected with broadcasting, who are competent to deal with this highly complex field, and who are willing as unpaid members, except for expenses, to serve on these boards, except, of course, for the permanent members of the boards. That difficulty may be the more serious when we realize that with the type of legislation that is now proposed so much will depend on the kind of people who will compose these boards, as the minister himself has said.

The composition of these boards and especially that of the new board of broadcast governors raises certain other questions. The new board, as I understand it, will have two quite different functions to perform. The first and by far the most important will be to decide questions of policy and regulation and to hold hearings for that purpose. The second function will be to supervise broadcasting stations and to make sure that the regulations drafted by the board are being followed. In the opinion of the Fowler commission the first function would not be too burdensome, especially after the initial period, and would not take too much time of the board; while the second task, that of policing, could be quite effectively accomplished under the directives of the board by a competent and strong secretariat.

That is why the Fowler commission did not recommend that any member of the board should be full time. But the provisions of this bill are different from the recommendations contained in the report of the commission. Under clause 2 of the bill it is in fact being proposed that we have two distinct types of membership on the proposed board of broadcast governors. Three of them would be full time and ex-officio members of the executive committee, while the others would be part time and paid only when attending meetings of the board. Surely that will mean for practical purposes, and even if wide and skilled representation is provided, that the three full time members, one of whom has no special position, are likely to become the czars of broadcasting in Canada, and will be in a special and privileged position to influence the decisions of the full board. The other members may not always, by the very nature of their relationship to the full time members, be in a position to prevent undesirable developments; because even with a large board three full time men who will be carefully selected by the government could exercise a profound influence on the future of broadcasting in this country.

In so far as the Canadian Broadcasting Corporation is concerned the manner of the appointment of the new president and vice-president in my view is a backward step, and it raises again the danger of political interference. Under the present act, and the minister will correct me if I am wrong, the chairman of the Canadian Broadcasting Corporation holds office during good behaviour for a period of ten years, and he can be removed only by the governor in council for cause. In the proposed bill, and unlike the provisions governing the appointment of members of the board of broadcast governors, the president and vice-president of the Canadian Broadcasting Corporation shall be appointed, and I quote from the bill—

—to hold office during pleasure for a period of seven years.

Therefore, Mr. Speaker, they could be removed for reasons other than cause and without an address of the House of Commons and the other place. That applies to the president and vice president of the Canadian Broadcasting Corporation under the proposed bill, but the minister will realize that also under this bill the other members of the Canadian Broadcasting Corporation board can be removed only by an address of parliament. Why protect the security of tenure of the other directors of the Canadian Broadcasting Corporation more carefully than that of the president and the vice president? Surely a sense of frustration and insecurity could quite easily develop because of this anomaly, which would affect the whole corporation in the knowledge that the two senior executives could be subject to the whims of a cabinet. That feeling of frustration and insecurity in the whole corporation could be increased by the knowledge that these two executives were appointed directly by the government, while today the general manager and the assistant general manager of the Canadian Broadcasting Corporation are appointed by the government but only on the recommendation of the board of governors.

To sum up, Mr. Speaker, I feel that this bill is an uneasy and uncertain compromise between two points of view and, as is often the case, the effort to satisfy both points of

view has resulted in proposals that are not likely in the long run to satisfy either but might only weaken the essential principles on which a national broadcasting system has been built up in this country over the years. There is too much in this bill that is unclear. Above all, it is the kind of bill which should be given the most careful, complete and expert examination by a parliamentary committee, where experts from the varied interests concerned could appear and give their views not merely on the general principles involved but on the details of the bill itself; how it is likely to work out in practice; what are its defects; what are its advantages; what changes should be made to improve it.

This is a vitally important national question, that of broadcasting. The way to deal with it is not by a bill rushed through the house during the dying days of a long and exhausting session. This procedure, Mr. Speaker, is surely no recognition of those parliamentary rights or of that devotion to parliament which my hon. friends opposite talk about so often and at such length. For the benefit of the leader of the house, I may assure him that we will not support the second reading of this bill.

Mr. Fisher: Mr. Speaker, may I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, we felt considerable disappointment today at the brevity of the statement made by the Minister of National Revenue in introducing this bill. We felt that he failed to spell out government policy as fully as we thought we were entitled to have it on a bill as important as this. We feel, too, that the board of broadcast governors, when it is appointed as a result of this bill, will be looking to this debate, to statements by the minister and by other ministers, to learn what is the direction it should go in carrying out the very general outline of policies enumerated in the bill. If they cannot get it from this particular debate and from the statements of government ministers, it seems to me they will have to get it in discussions with the governor in council or with certain members of the government, and we wonder whether that will be the proper way in which the board of broadcast governors should decide what direction their policy is to take.

The bill states that the broadcasting regulations, as they now exist, will continue until changed by the board of broadcast governors. Well, if they are to change them, and I suggest the regulations do need changing, in what way are they to be changed? It does not seem to me that we get any indication of that from the minister's statement. We all have misgivings about the question of whether the regulations are going to be pro or anti private broadcasting or, if you wish to put it the other way, pro or anti C.B.C. We would like as a matter of fact—we cannot demand it, Mr. Speaker—to have a statement from the Prime Minister and from the Minister of Finance on their particular interest in this bill and what they conceive it to be.

We would not like to suggest, Mr. Speaker, that we do not have trust and confidence in the minister who has brought the measure before the house, but I think the whole atmosphere is filled with misgivings; I would suggest misgivings not only as expressed by the Leader of the Opposition, and expressed very well, but also misgivings among many of the members of the government party. We would like to know whether this bill is designed to improve and extend the national broadcasting system, or is it designed to lead to a gradual withering away of public broadcasting and the gradual taking over of broadcasting by the private broadcasters? Could we have a clear-cut statement on this particular point?

It seems to us that the whole speech of the Leader of the Opposition reflected misgivings as to the government's intentions. Maybe that is as it should be, since it is the duty of the opposition to express that misgiving, but we believe it is more than that. The central point of the speech of the Leader of the Opposition, as I understood it, was that a strong, independent public control of broadcasting is essential. Further than that, we cannot afford to lose control of this vital, cultural and non-material aspect of our life. For the C.C.F. I would say, in slang terms, you can double it in spades. We agree with that very strongly.

It was noticeable that in the speech of the Leader of the Opposition there were very few accolades for the private broadcasters. There was a certain amount of amusement there. We wondered what the Leader of the Opposition's alter egoes on the Winnipeg *Free Press* will think about that shortcoming in his speech. Of course we do not look upon it as a shortcoming.

We have had two fairly recent royal commissions looking into the whole broadcasting situation, and each of those commissions has found the private broadcasters wanting; each of those commissions has dynamited the main contention of the private broadcasters that

they are supposedly hamstrung by the C.B.C. Those royal commissions have dynamited the whole idea fostered by the private stations and by those newspapers that are intimately connected with them, some of them in ownership terms, that there is an analogy between freedom of the press and freedom of the air. Each of the commissions has pointed out quite clearly that there is no logical support for this because of the limitations of the number of channels. Those royal commissions have pointed out that the private broadcasters have not been struggling against economic adversity; that when you look at the statistics as they were revealed in the chapter on private broadcasters I think any free enterpriser in the house will soon see what a wonderful investment those private stations have been. They have made a terrific amount of money and their net income after expenditure is, I would say, as high as in any kind of commercial operation we have in this country.

One of the other things the royal commissions have pointed out is that those private enterprisers are really neither free nor very enterprising. I ask the minister whether he subscribes to this comment, which is found at page 154 of the Fowler royal commission report:

> We recommend that the board should insist on the improvement of the programming of some private stations. We recommend further that the board should discharge its statutory duty of promoting and ensuring the greater use of Canadian talent by private stations with greater vigour than the board of governors has shown in the past.

Is that what the government wants this new board of broadcast governors to do? It is projected here. We would very much like to know. It is all very well for the private broadcasters to go around hollering that the C.B.C. provides unfair competition, and it is especially unfair because the C.B.C. is the taxpayers' agent. Where do they stand on competition? Well, as hon. members who followed the C.B.C. hearings know, we do not know of a single case where any private applicant came seeking a licence and was not opposed by private broadcasters who already had a licence in that particular field. Surely that very attitude shows how much they want competition.

One of the other things the Fowler royal commission brought out very clearly was whether the private broadcasters could afford to do much original programming. The report says at page 153:

> It was suggested in evidence, and we believe it is generally assumed, that private broadcasters cannot afford to do much original programming or use much Canadian talent because the cost cannot be spread over several stations. Indeed this argument was advanced in one of the documents filed by the C.A.R.T.B., although not discussed in evidence during the hearings. This assumption is, we believe, incorrect on two grounds. First, the financial results of a great many private radio and television stations, which we have examined, are quite good enough to permit these operators to do more original programming and to use more Canadian talent than they have done.

It is very clear that the Fowler commission did not trust the private stations and the private broadcasters. They did not go down the line with the private broadcasters; they turned them down. We want to know, and we still do not know from this government, whether it agrees with these general criticisms of the private broadcasters' position. If the government will state that it expects the board of broadcast governors to do something about the talent situation, to do something about getting higher standards on private stations, I think many of the misgivings we have would just evaporate, and we could assume that the government's intentions are the very best. We would like to know whether this bill is the augury of the victory of the private broadcasters. Does the government see it in that light, or is the bill a compromise designed to avoid making a hard decision? At several places in the bill there are provisions that the Canadian outlook should be supreme and that there should be high standards, but we wonder whether that is enough. Is this bill part of a real Canadian vision? We do not know. That is why we would like the Prime Minister and after him or almost co-equal with him, I suppose, the Minister of Finance to give us their views on the bill; because if there are misgivings I think that is where they generally settle at the present time.

As the Leader of the Opposition showed this morning, all the historical evidence, all reports of parliamentary committees and all reports of royal commissions that have studied the problem are in favour of a strong public system and public control of broadcasting. It is for that reason that a few of us feel, no matter what the intent may be, that when the board of broadcast governors is appointed the very same logic that led Mr. Fowler and his associates to take the position they did will lead the board of broadcast governors to recognize the strong need for control of the private broadcasters. A few of us feel that will likely happen, and we would like to know more about the government's intentions.

The Leader of the Opposition emphasized that we are now going to have two very clumsy boards. I think his suggestion, which is in line with the Fowler report, is very good; that we should cut down the membership of the C.B.C. board and have it report to the board of broadcast governors. What is

going to happen to the old C.B.C. board of governors? I should like the minister to tell us whether there is any thought of transferring some of its members to the board of broadcast governors in order to give some sort of continuity of ideas.

So far as the C.B.C. itself is concerned, we would like to know what is going to happen to the audience research section and the regulations section. We wonder how the board of broadcast governors can really carry out regulations, exercise control and have some idea of the standards of the private stations unless it does have an audience research section and a fairly substantial regulating section. The bill is not definitive enough to tell us what is going to happen.

A question has already been posed to the minister with respect to the conflict between the two boards. Which is going to win out? Which is going to wither away? Which is going to atrophy? As has been suggested, a lot will depend on the personnel. It would be quite possible to select as the three permanent members of the board of broadcast governors men of great drive and intent who could soon overshadow completely the directors of the C.B.C. Therefore it seems to me that the suggestion that the bill might be altered to have the C.B.C. report to the board of broadcast governors and thus dispense in a sense with the C.B.C. board of directors is worth considering, especially because of that conflict.

At the beginning of the minister's remarks he said that if necessary, if the opposition requested it, a committee would consider the bill at this session. We have not changed our attitude in that regard. We do not want a committee on this bill at this session, for somewhat the same reasons as the Leader of the Opposition advanced. We do not think the committee would have the time to do a very good job. I might also say that some of us wonder what the attitude of the large Conservative majority on such a committee would be, because we are not convinced that they know where the bill is leading.

The minister also went on to say that if it was requested a committee would be set up in the 1959 session to deal with this matter. We would then be considering an act rather than a bill. I would assume that we would have the opportunity to have the board of broadcast governors appear before us, and could consider the regulations they had spelled out up to that time. We think we would like to take advantage of that suggestion, but we would like to push it further and suggest that such a committee should meet every two years. Some people might even think it should meet every year, but in the past the general practice has been for such a committee to be set up every second year, on the average. We think there should be an undertaking in that regard so we will be able to follow fairly closely just what line the board is taking.

I should like to make one suggestion to the minister which is not covered by the bill in detail, yet must involve one of the most difficult problems the government must face and certainly the board of broadcast governors will have to face when looking for advice from the government. What are we going to do about the licencing of other television stations in the real plum market areas? One thinks of Toronto and of Mr. Bassett of the *Telegram*, Mr. Sedgwick of CFRB, Mr. Jack Kent Cooke of CKEY or some of the other people in that area who want television stations, and one wonders how the matter is going to be settled fairly.

I wonder whether the government has thought of suggesting to the board of broadcast governors anything like the independent television authority in England, where a corporation has been set up to provide programs, and advertisers go to that corporation to buy their programs rather than purchasing them through their own advertising agencies. One thing such an independent television authority would do would be to end the pressure which I am sure the government is under at the present time and which the board of broadcast governors will be under, as to who is going to get the plum.

Dissatisfaction with the financing aspects of the bill was revealed at least partially in an editorial this morning by a Toronto newspaper that usually strongly supports the government. The suggestion they make is one that we feel is good, that the financing should be put on a better long-term basis. I notice that there is provision in the bill for the capital program of the corporation to be submitted to the government once every five years. I cannot see why plans could not be made for a five-year period and brought up to date at the end of every year. We would then always have a five-year projection before us. That may be too often, but it is pretty difficult to go along with the once every five years provision.

One reason why many of us in remote constituencies are interested in this matter is that we would like to get some sort of timetable with respect to when the C.B.C. is going to establish radio relay and television satellite stations in our constituencies which will provide coverage for the people on the fringe who at the present time are not getting either radio or television broadcasts. A financing set-up based upon a five-year program that

would be projected each year would be much better than the set-up now suggested.

Fears were expressed by the Leader of the Opposition about the role of the Minister of Finance with respect to financing, and the fact that he would have a power and authority which perhaps would be unfortunate for the steady growth of the C.B.C. Again we have the very same misgivings about that particular gentleman, though perhaps they are based more upon the particular gentleman than would be the case if someone else were holding the office.

There is one point that always comes up in any discussion of broadcasting. We are told by newspaper people and particularly radio people that the private stations are giving the people what they want. I think it has been decided by some of the best people in the country who have looked into the problem closely that what the thinking people of the country want is a public system that has a national bias and a national interest, something that extends right across the country.

The point, which was well made in this debate, that private broadcasters tend to concentrate upon local and regional rather than national interests is quite obvious. We know where the rich market areas are and we know where the poor market areas are. You can be sure it is not the intention of the private broadcasters to ever get themselves trapped into the kind of national network broadcasts that will have them doing work in those areas from which they cannot get a good financial return. The whole question is, are they to be allowed to concentrate networks in those rich market areas to the disadvantage of our public organization, in this case the C.B.C.?

We do not know what the government's intentions are. There could very well be a kind of regional network, composed of private broadcasting stations, set up under this legislation which would siphon off all the cream from national advertising revenues and leave the C.B.C. with a fantastically expensive role which would give poor coverage to the less attractive areas. Before this group votes either for or against this bill we want more information as to the intent of the government with regard to this particular measure. We reiterate our trust in the minister's attitude, especially as that trust has been reinforced by the three forthright statements he has made in this house. We have further misgivings, however, in connection with this bill. Before this debate closes let us hear from the Minister of Finance and the Prime Minister as to what vision they have for our national broadcasting set-up. If that is done we will be able to make our decision on the vote on second reading in a much more intelligent fashion.

We trust that when the bill goes to committee the minister will be agreeable to certain minor amendments, or that he may be interested in having some minor amendments made in the bill and especially in those clauses relating to the C.B.C. The attitude of this party has always been strongly in favour of the C.B.C.; as a matter of fact sometimes I have thought so strongly in favour that we have allowed ourselves to miss some of the weaknesses of the C.B.C. I believe the primary weakness we have missed has been that the C.B.C. did not really regulate the private broadcasters in regard to advertising to even the standards that could be applied without any qualitative judgment.

Our position is essentially the same. We believe in a very strong public broadcasting set-up, and that it is in our national interests. We suspect we will never get anything like that from the private broadcasters of this country. We feel that the whole position of the private broadcasters has been exploded by two royal commissions. We would like assurance from the government at this time, in this debate, that they agree the bill is not a victory for the private broadcasters but that it represents a victory for national broadcasting in the public interest.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, this is a most important debate. It deals not only with the informing and educating of the public, but also with cultural matters in general.

I therefore trust that it will not be considered out of place for a member with quite a lot of experience in education to take part in this debate. I do so in a completely non-partisan spirit for I believe it would be wrong to rouse sectional differences in a matter which calls for respect of principles and utter impartiality.

I am delighted that this new legislation on broadcasting has been introduced. It is what most people wanted. It gives expression to the representations of various undertakings, bodies and public organizations of every nature which have probed into the broadcasting question from a national point of view and which have made their opinions known. Thus, in introducing this bill, the government shows the importance it attaches to

popular opinion. After having aroused public interest and questioned people from all walks of life, the government is today introducing a bill based on excellent recommendations from all sides, especially the Fowler commission; but it is the government which initiated the bill. It will not come as a surprise, therefore, if I express my satisfaction to the Minister of National Revenue (Mr. Nowlan).

The problem of Canadian broadcasting has been in the limelight for a long time, and several commissions have gone into the matter on different occasions. Various systems have been tried out, and an attempt was made to set up a regulatory body which would allow of government-controlled broadcasting side by side with private station networks. What was necessary was, on the one hand, to make sure that there would be no invasion by the influential American broadcasting organizations—this by setting up a government-controlled national network—and, on the other hand, to still extend a welcoming hand to private enterprise. That is how Canada has come to have government-controlled radio operating side by side with numerous independent stations.

I do not think the coming of television has altered the basic elements of the problem; it has simply magnified the problem and made it more intricate. All that has happened is that the difficulties encountered by our national broadcasting system have continued, but on a larger scale. What we have to do now is to devise, for the former problems, solutions which allow for the new factors. And these solutions must be based on the principle which, from the very start, guided those who built up our broadcasting system: I mean the balance that must be struck between a government broadcasting agency and broadcasting by private stations.

I do not intend to retrace the stages of development of our national broadcasting system which resulted in the setting up of the C.B.C. mechanism entrusted with supervision of both government-controlled and privately-owned broadcasting. Suffice it to emphasize that it was eventually felt to be difficult for the C.B.C. to be both judge and litigant in some matters involving the interests of both government-controlled broadcasting and broadcasting by private stations. It was purely and simply a matter of devising a solution which would satisfy those who asked for more independence for private networks, hand in hand with closer supervision by the C.B.C.

When all is said and done, the object of all those who put pressure on the government was not to introduce a completely new look in the broadcasting system obtaining up to now, but to modernize it so that it will change with the times, and to widen the scope it offers to private enterprise.

Even a cursory study of the bill will show that it involves no aggressive designs. The whole essence of this act is that it should perfect our broadcasting system. It is an attempt at an answer, a solution (subject to oher improvements) to the problem of supervision.

That is just where the state comes in—to ensure that supervision. Nobody denies it that right. Whether you consider radio and television as a source of information, whether you turn it into an instrument of education or culture, you must necessarily concede that its activities call for supervision.

For a long time, it has been recognized that it would not be good for the government—that is to say, the Canadian parliament—to directly control broadcasting. Political interference could pave the way to certain abuses on which I need not dwell. However, no one can imagine a regulatory body absolutely independent of parliament and in no way answerable for its administration. We must also take into consideration the twofold problem of state broadcasting and broadcasting by private stations. The experience of the C.B.C. proves that it is not easy for such an agency to control both its own operations and those of similar agencies whose interests conflict with its own. Moreover, state-controlled radio broadcasting cannot be absolutely independent of parliament; it cannot provide its own regulations, nor can it rely to that end on private stations.

It is therefore necessary to set up, at the intermediate level, a regulatory body distinct from but answerable to parliament, an agency independent of both a public agency and private radio and T.V. stations. A body such as this has been advocated in virtually all various recommendations submitted to the Canadian government for quite some time.

Through this bill, the Minister of National Revenue is setting up that regulatory body. The bill, which sets out all the legal aspects of that new institution, emphasizes the need for a balance between a state agency and private stations for the broadcasting of radio and television.

As will have been noted, the bill also provides for the reorganization of the C.B.C. It has been emphasized, and rightly, that the government has no intention, as shown by the terms of the act, to revamp the C.B.C. from top to bottom.

To put it simply, it will be governed by the new board of broadcast governors. An administrative body is being established, similar to the previous one, except that its functions are limited to the operations of the corporation for which it is designed.

The fact that the government does not radically change the C.B.C. has been favourably commented upon by the press in general. At most, a very few cautious remarks have been made about the fate of the present management of the corporation. The thing to do in this case, Mr. Speaker, is to trust the government, as should be done in the case of all our democratic institutions, which are based above all, on the confidence given those who are entrusted with the responsibility of government, at any level.

Besides, the legislation clearly defines the duties of the C.B.C.'s high officials. On the other hand, it is based on the general principle of serving, in all respects, the common good. It is in such a context that it is important to judge the actions of all those who will take part in the operations of government-sponsored broadcasting. There is absolutely nothing ambiguous in such an attitude. We would be ill-advised to charge anyone with malevolent intentions.

In the final analysis, only those who feel guilty in some way would have any reasons to fear. It is in this sense that, speaking of the Liberals, a journalist of *Le Droit* wrote, last Saturday, and I quote:

> They begin to realize that there is such a thing as C.B.C. "monopoly" over the broadcasting of news, as well as over the broadcasting of national and international news on television; that this monopoly places present C.B.C. officials in a delicate position with regard to the new leaders of the federal government; that freedom of speech will become a sinister farce unless there is a change in the present system and unless private television stations in the larger cities are granted the right to use commentators other than those picked by ministers, by ministers' representatives, or representatives of ministers' representatives of today or of yesterday.

The government's intention therefore consists in meeting the wishes of the taxpayers by providing the country with an adequate broadcasting system. The government thinks that the popular will has sufficiently expressed itself in this regard to believe that it is necessary to satisfy its legitimate requests. I do not see why the adoption of some legislation which would meet the views of the great majority of our citizens should be postponed. There is talk of creating a committee, and all kinds of reasons are given to postpone the passage of this bill.

The political intention of such tactics will fool no one. The problem of broadcasting is not new, and members of the opposition have had sufficient time to think ahead of the changes which they might wish to suggest about this new legislation. All their speeches show that they are merely marking time, and the hon. Leader of the Opposition (Mr. Pearson) showed it this morning. He has developed a lengthy theory—not a novel one either—which can be interpreted as an indirect encroachment upon the rights of private radio and television broadcasting.

I insisted on the problem of regulation, Mr. Speaker, as an essential factor of this bill. I kept strictly to the general principle and to its concrete juridical formulation. I would now like to speak briefly on some aspects of the current procedure to be followed in administering this legislation.

Broadcasting regulations call for some standards of action and clear basic principles, besides those aiming at the common welfare of this country and its citizens. I shall leave the care of discussing the technical aspects of C.B.C. financing to other hon. members, Mr. Speaker. I shall merely discuss the regulations, in so far as they affect the general administration of broadcasting and programs.

The necessity to be aware of exactly how considerable a part broadcasting plays in the field of public information and general education cannot be stressed enough. It may be said today that a citizen may very well be what broadcasting makes him. His political and social attitude will be conditioned by everything that comes out of this marvellous gadget, which has become an indispensable companion in each home. The television screen is at the same time the mirror of the world and an intimate counsellor. It has to provide recreation. It is also asked to give directions. It is expected to have the answers to all sorts of questions. In any case, it brings the latest concepts in our minds and is largely a guide to our way of life.

We certainly remember the apprehension once caused to educators and politicians by the appearance of radio and the development of American networks. People feared the worst for our Canadian civilization. This healthy fright gave us our national network and our government-controlled broadcasting.

I think the promoters of that movement should be commended. They have tried in good faith to preserve us from a too strong influence of United States civilization. At the same time they created a government body of a quality we can hardly praise too highly.

It is however important to keep in mind today the principles that have inspired the creators of our national broadcasting.

It was first of all intended to provide public information. Thus we may hear and observe the world by radio and television, as a means of communication. It tends to inform citizens about the way of life of mankind in the world and in the community of which we are a part. It does fulfil a task of the highest importance which calls for the strictest honesty and complete impartiality.

On the other hand broadcasting indirectly plays another and quite as essential part as educator in the social, civic, political, religious, artistic and other fields. In this respect, its leading principles must be perfectly adjusted. They must be based on an accurate awareness of natural law which clearly defines good and evil, truth and untruth. They have to reflect the philosophy of our western and Christian civilization.

Furthermore, I cannot see that radio or television shed a single one of these fundamental responsibilities just because they are providing people with fun and amusement. Radio and T.V. must avoid, like the plague, anything which could totally or only partially detract from the morals of viewers or listeners, or anything which would end up by impairing their intellectual and moral standards and which would prevent them from being men in the most perfect sense of the word, and—above all—from being public-minded citizens.

Those are the sort of principles which must lie at the basis of any properly inspired working of our national radio and television programs.

In this connection we must remember the original intent of the promoters of radio broadcasting.

I would like to return to this matter at a time when, through new legislative action, Canadian broadcasting is being reorganized. It must not be forgotten that radio and television are instruments placed at the disposal of society with a view to serving its needs. That is their purpose. Their only object is to assist the citizens of the country in their individual or community life. It is not superfluous to insist on that point at a time when we are often tempted to forget that technical progress is not an end in itself, but that it must serve to improve man's living conditions and personal standards.

A moment ago I mentioned the importance which the new legislation ascribes to private enterprise in the field of radio and T.V. broadcasting. This implies a survey of the particular conditions of broadcasting. Every effort must be made to ensure both the development of independent radio and television stations and to raise the average standard on those networks. It would be regrettable if private networks multiplied programs which would not be up to the standards of those carried by the government-owned network. True, the position of private stations is often made difficult by the fact that they must rely very heavily on "commercials". It is all the more to their credit that they nevertheless manage to broadcast programs which provide the listener with wholesome entertainment, and full factual information, although there is room for a great deal of improvement in this regard. I wish to insist upon this point that a very special effort should be made to restore to an even degree the Canadian character of private station broadcasting, too often a replica of American broadcasting. In fact, with all due regard to circumstances, we should require from private stations the same standard of broadcasting required at this time from the government-owned system.

Let me emphasize that I am not attempting to pillory anyone. These are merely personal observations with regard to the position of private broadcasting. I am merely pointing out some weaknesses which must not be allowed to develop further but which, on the contrary, must disappear as private networks are extended. I know most of the private stations in our province. I am convinced that their broadcasts are of a fairly high standard. May I be allowed in this connection to point to the excellent work performed by the stations at Roberval, Alma, Jonquiere and Chicoutimi which have done everything possible to produce high quality programs. I believe that the same must hold true of all the other private stations in our province.

It would be well, at this point, to refer to the problem of personnel in radio and T.V. stations. While I know that technical employees are selected with the greatest care,—I refer here to those who are charged with the responsibility of handling radio and T.V. transmission equipment,—I fail to see why equal care should not be taken with regard to selecting the people actually in charge of programs, programming and presentation. It is high time our radio and T.V. stations shut their doors on those people, neither technically nor professionally trained, who have been performing duties requiring wide general knowledge, a reasonable amount of culture and a definite sense of taste, for which they are utterly unprepared. I realize that, at the beginning, it was not easy to decide or to enact laws on the professional ability of radio and television producers and performers. This experimental stage had to be gone through.

Broadcasting

I believe the time has come to require from radio and television professionals what could be called a certificate of ability or proficiency, that is to say an official recognition in the form of a certificate issued by an institution, a conservatory or a university, the recognition of a certain amount of knowledge, of technological training for an immediate career in this field. Some institutions have begun to offer courses to that end. They seek a formula for a training course for announcers, newscasters, or radio and T.V. commentators. Also considered are courses in language and composition, for radio and television script writers. Our broadcasting system is old enough, has given enough proof of its vitality, for us to demand high standards for admission into professional radio and television, especially as there is no shortage of applicants.

Many young people are attracted by a career which in itself is highly interesting and fairly well paid. They are often motivated by a desire for easy success without the necessity of much training. I do not want to be misunderstood. I am not saying that most radio and television professionals are lacking in culture. But I believe that some of them lack immediate and specific training. We have the pleasure of seeing and hearing, especially on the government network, professional performers who give the best example of careful training and concern for perfection which make them outstanding stars. Those are the qualifications that should be required from the majority of people who aspire to a career in that field. I hope that radio and television schools will be established, and also institutions to train people for the careers of announcer, reporter or commentator. Then, it would be possible to lay down rules and require a certificate of proficiency, just as a certificate is required from school teachers. Of course, this problem would have to be studied and left to the consideration of experts who could determine regulations to that effect.

In the same line of thought, I should like to point out one provision of section XI of the new bill whereby the board may make regulations:

—for promoting and ensuring the greater use of Canadian talent by broadcasting stations.

This provision is not unnecessary. Not that Canadian artists have been refused access to radio and television broadcasting, but I believe that there is room for improvement in that respect. Our radio and television stations are to be commended for inviting, on occasion, foreign performers of international reputation. On the other hand, they should not make a practice of offering refuge to third-rate performers, discredited in their own country or who have not managed to reach a high level of artistic achievement. We have in Canada many high-grade performers. We also have many young people of great promise in this field. Our radio and television broadcasting should serve to encourage this young talent. I know that this has been done, as witness the well-known programs of Singing Stars of Tomorrow, Futures étoiles and, more recently, of the Couronne d'or.

To avoid too many a flower being "born to blush unseen," to avoid some artists monopolizing program time, to avoid favouritism, there should be competitions to determine the candidates' suitability for television and radio. Here again, through competitions, experts should act as judges.

To remain in the field of Canadian talent, the C.B.C. is known to make abundant use of the resources of Canadian writers, except perhaps that it displays towards some of them a sympathy which somewhat transforms them into permanent employees of the C.B.C. I refer to writers of serial stories which for 10, 15 and even 20 years, have been featured over the C.B.C. I believe this is encouraging a form of facility which is fatal to writing talent, and stifling wholesome rivalry or emulation which would be beneficial to the writers themselves if they were obliged to break new ground, under competition from younger writers. It may be argued that the listeners and viewers are clamouring for programs which have become fixtures on our national broadcasting network. It seems to me that those requests could be satisfied just the same if programs were varied from time to time. In addition to giving other writers a chance of showing what they can do, it would prevent some programs, which were undoubtedly very popular at the start, to stretch themselves into vacuity or vapid repetition.

There would be room too, in this field, for a process of competition or contests. Greater interest would be thus stimulated which would promote and foster artistic endeavour.

The danger which threatens this type of institution is monopoly, unconscious monopoly appearing as a result of certain circumstances and which finally becomes glaringly

obvious to detached observers. In this connection, it might perhaps be appropriate, in this appraisal of our national broadcasting system, to recall certain standards that the C.B.C. had established for itself, and that Mr. Raymond David, of the C.B.C., emphasized at the meeting of the 34th Social Week of Canada.

Speaking of public information, Mr. David said the following:

In this important sector of public affairs too, the program division had, since its inception, to comply with the principles set down in the white paper of the corporation and to continue operating according to the following principles:

1. The airwaves belong to the people, who have the right to hear the main points of view on all questions of importance.

2. The airwaves should not be controlled by individuals or influential groups by reason of their material resources or their particular position.

3. The right of rejoinder is inherent to the democratic rule of freedom of speech.

4. Freedom of speech and the free exchange of opinions are the two guardian principles of institutional freedom.

That, Mr. Speaker, is the true code defining the proper ethics of information and of the exchange of ideas which are so frequently broadcast. It is proper briefly to review each of those points.

1. The airwaves belong to the people who have the right to hear the main points of view on all questions of importance.

This rule prohibits any controlled one-sided information, which does not leave full liberty of judgment to the listener, because he has only been told one angle of the issue and only been shown one aspect of the picture. It would moreover suggest a dialogue, a free exchange of opinions. Because, if an audience has to be informed, it must be given the means to get an accurate and complete knowledge of the facts.

2. The airwaves should not be controlled by individuals or influential groups, by reason of their resources or their particular position.

What was intended by that was the elimination of monopolies based on financial or political power.

3. The right of rejoinder is inherent in the democratic doctrine of freedom of speech.

This aspect is very important. It deals with the right of citizens and institutions of not being convicted without trial. It involves the easy and efficient use of the right of attack and rejoinder. This excludes trials without evidence and convictions *in absentia*.

4. Freedom of speech and the free exchange of opinions are the two basic guarantees of freedom of institutions.

This fourth point summarizes all the others. It is a kind of charter of freedom of expression.

Without any pretense at instituting a trial in due form, one may ask if radio and television have respected the provisions of this charter in our country.

We are led to believe that there may be some reason to reconsider the whole question in the light of principles formerly laid down by the Canadian Broadcasting Corporation, in view of the absence of dialogue in the very field of criticism of our institutions, of some form of controlled information in the field of politics, of an apparent set purpose of disparagement of particular groups of citizens, of the too negative aspect of some claims, of ungracious insistence upon stressing the real or fancied wrongs and foibles of the political administration.

There are all sorts of ways of intruding upon consciences. Not the least dangerous is that which would consist in remaining silent in the face of the positive achievements of a particular system while, at the same time, laying stress on all its possible weaknesses. There is no justification either for making a permanent comparison between social, economic and educational conditions in one particular province, as compared to those of another province, to the detriment of the former.

I am reminded here of the very appropriate remarks of Monseigneur Paul-Emile Gosselin of Quebec city who, speaking of the government owned broadcasting system at the 34th Social Week of Canada, stated:

We do not believe however that state-owned radio and television give total or faithful expression to national feeling in French Canada. Perfection is difficult of attainment in a field such as this. Without entering into discussions which would appear to be pointless, let us merely express the hope that each and every school of national thought may find some means of expressing itself through these official media. To achieve this result, those entrusted with programming should be broad-minded enough to admit that some people may not share their own particular views on controversial matters and that there are sincere patriots, with a knowledge of present day issues, outside the small select circles they frequent.

Mr. Speaker, that is one of the most difficult problems we have to deal with in respect of broadcasting in this country. Any form of intellectual monopoly is odious and contrary to the right of the people to hear "all main points of view on any important issue", to quote a phrase formerly employed by the responsible people in the C.B.C. Under cover of a mission of intellectual, social or political liberation, no one has the right to attempt to enforce his own views on others nor to make a national system of his own peculiar beliefs or convictions in any particular area. A fundamental right rooted in natural law is thus

violated. It is especially wrong to misuse the public system in an attempt to force individuals to accept one's particular faith, intellectual, social, political, or religious. Mr. Raymond David, whom I quoted a moment ago, expressed that same conviction when he said:

—radio and television are not and must not become a forum for the propagandists of a given school of thought, but must remain open to all opinions held acceptable by our democratic society in general. They must, and that is their main task, allow listeners to become familiar, on any topic, with the various trends of opinion which, together, make up what is called public opinion.

Mr. Speaker, I hope that the new board of governors will uphold that essential freedom of thought and expression when assuming its regulatory functions over broadcasting by both public and private stations. We are confident that it will discharge this duty so as to preserve the present high standards of public broadcasting and so as to correct what must be corrected and improve what must be improved in the fields of both public and private broadcasting. It must exercise over the C.B.C. as well as over private stations a discreet but firm supervision so as to prevent any form of monopoly. As far as the C.B.C. is concerned, it seems to us that the emphasis must be laid on decentralizing and on favouring all public radio and television stations in all areas of this country.

Mr. Speaker, this legislation, which will soon be enacted, is perhaps not complete nor perfect but, as I said at the beginning of my remarks, we must have confidence in the government whose sole aim is to provide for the good functioning of our institutions and which, by this bill on Canadian broadcasting, is implementing the recommendations put forward by various commissions and by organizations that have been dealing for a very long time with problems connected with broadcasting. To delay the adoption of this legislation would deprive our citizens of their right to a continuing improvement of our Canadian radio and television system.

(Text):

Mr. Guy Rouleau (Dollard): Mr. Speaker, it is most unfortunate that the government has waited until almost the last minute of this session to introduce this very important bill. It is unfair to parliament and to the people of Canada. In the speech from the throne the government promised to set up a select committee on broadcasting, which it did not do. It would have been the proper course to follow. This committee would have studied carefully all aspects of the legislation on broadcasting; it would have called witnesses and informed the members of all aspects of radio and television, and today we would have been in a better position to deal with this bill. Instead of doing that the government decided to put before us at the very end of the session Bill C-55, respecting broadcasting. I want to take a few moments, Mr. Speaker, to discuss the merits of this bill. At the end of my remarks I propose to move an amendment.

In past years I have expressed my opinion in this house as to the advisability of setting up a regulatory body. What I had in mind at that time was a body similar to the one proposed by the Fowler commission, nothing more, and I am still in favour of it. Instead of doing that the government brings forward a major change in the structure of our broadcasting system in Canada. The bill before us today provides for the creation of broadcasting governors, whose objects and purposes are set out in section 10 of the bill, and I quote:

The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.

There will be two distinct boards, and if we read carefully sections 10, 29 and 36, we see that the powers given to each board may overlap one another. The two bodies will be responsible to parliament, to a member of the cabinet. I contend, Mr. Speaker, that this arrangement will be very difficult to work out. Instead of doing that the government should have followed the Fowler commission's recommendations to the effect that there should be only one Canadian broadcasting governing board to which the C.B.C. would be required to report.

If this bill is accepted it will mean the end of the long-accepted principle that the Canadian broadcasting system is a single system made up of both privately-owned and publicly-owned stations under the control of a single agency responsible to parliament. The proposed bill only seems to add to the confusion, while the aim of the Fowler commission was to clarify the responsibility and eliminate the confusion which had come to exist under the present legislation. As stated

in an editorial which appeared in the Ottawa *Journal* on August 21:

> The responsibility for a national service should be clearly enumerated by the government. Otherwise there is danger of overlapping, misunderstanding and inefficiency.

The bill before us rejects the Fowler commission's advice that:

> In broadcasting it is of primary importance that the operating agency be independent of control and interference from the government of the day.

The commission goes on to say:

> Since in our constitutional practice, money bills must originate from the government, annual votes give to the executive an almost constant vehicle for influence, or the appearance of influence on broadcasting agency.

In an article in the Ottawa *Citizen* on August 22 by Mr. Frank Swanson, the following appeared:

> Parliament and the government will now hold the control of the C.B.C.'s purse-strings which in the eyes of many people, could be a threat to the independence of thought and action by the C.B.C.

This brings me to the method of financing the C.B.C. under the new bill. Here is what the *Globe and Mail* has to say about it, and I quote from an editorial which appeared on August 25:

> But how hesitant these measures are, and how vague! They ask the C.B.C. to plan five years in advance and to get its plans approved, but offer no assurance that approval, once given, will be backed up by cash. They do not even specify that the annual budgets be drawn up or considered within the framework of the five-year plans. They do nothing, really, but perpetuate the unsatisfactory arrangement whereby the C.B.C. goes to Ottawa every year, cap in hand, asking for money—an arrangement which not only invites inefficiency in its operations, but begs political interference in its affairs.

The method of financing the C.B.C., as proposed in the bill, is an open invitation to political interference. It was the operating phase of the C.B.C. which the Fowler commission wanted to protect against the ever-present threat of government interference. That was one of the primary reasons why the commission recommended a single board of governors and that the C.B.C. be responsible to parliament for its finances as well as its activities through the board of broadcast governors.

Under the existing legislation the operating personnel of the C.B.C., the general manager and below, are insulated from direct political pressure and interference by the presence of the board of governors and a full-time chairman. Now that insulation will be removed. The minister will now deal directly with the senior officers of the corporation instead of with an officer removed from day-to-day operations.

I do not want to imply that the present minister to whom the C.B.C. now reports will personally interfere in the business of the Canadian Broadcasting Corporation, but after listening in this house not so very long ago to the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), I feel that the matter has to be brought up at this time. In his speech delivered on July 14, the hon. member said, as reported at page 2228 of *Hansard*:

> A clean-up job is necessary in the C.B.C.

Mr. Robert Rumilly, a well-known Union Nationale active supporter, has been asking for a clean-up regularly in the Union Nationale paper, *Nouvelles Illustrées;* so has the Union Nationale official daily, the Montreal *Matin,* in an editorial which appeared on July 19. Knowing for a fact what the Union Nationale people have in mind when they talk about a clean-up, I am afraid that if there were any possibility for them to do so they would fire all those who do not share their political views in order to replace them by political supporters. It would be terrible if the fascists like Robert Rumilly, Adrien Arcand and others like them played important parts in the operations of the Canadian Broadcasting Corporation.

I know that since the election of the Progressive Conservative party pressure has been put on the C.B.C. by Union Nationale supporters to fire certain people in the C.B.C. Even the member to whom I referred earlier has suggested in the house that at least three people be fired on the alleged accusation that they were leftists. The hon. member for Joliette-L'Assomption-Montcalm has never given us a definition of what he calls a leftist. As far as I know, all those who do not share Mr. Duplessis' views are leftists. I know for a fact that at least one person mentioned by the hon. member on that occasion is a strong supporter of the Liberal party and I do not think that that reason would be sufficient to fire him in order to replace him by Mr. Rumilly or Mr. Arcand. This is the kind of political interference which should never exist in a corporation like the C.B.C.

The Canadian Broadcasting Corporation is a public service paid for by the Canadian people and nothing should prevent the corporation from discharging its responsibilities to the satisfaction of the Canadian public. There should never be interference such as I referred to a few moments ago. The C.B.C. should never be an instrument in the hands of politicians. I am sure that neither the Minister of National Revenue (Mr. Nowlan) nor the Prime Minister (Mr. Diefenbaker)

would tolerate that the French C.B.C. networks at least should be controlled by the premier of Quebec and his friends. I am sure that the Minister of National Revenue and the Prime Minister want the C.B.C. to be free of any political interference. That is why I submit respectfully to the minister that any section in the bill which would bring about an opening for political interference should be amended. I respectfully submit to the minister that the C.B.C., instead of having to report to parliament, should report to the board of broadcast governors which in turn would report to parliament.

Section 10 of the bill gives power to the Board of broadcast governors to regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for a final determination of all matters and questions in relation thereto. How can the board of broadcast governors regulate all these matters and provide for their final determination when it has nothing to do with the financing of the C.B.C. and is not able to check on the financial operations of the corporation? Again I submit that the corporation should report through the board of governors and that, radio broadcasting being part of the public domain, private broadcasters should equally report to the board of governors.

I want to stress the fact that the two boards described by the bill will certainly get in each other's hair and in a case of conflict it would seem to me that the C.B.C. board would be placed in an inferior position. The C.B.C. now becomes an agent of the crown in such a manner that it will not be able to maintain its independence. If the bill is adopted without amendment it is my view that it will be very difficult for the C.B.C. to operate.

Not only should there have been provision, as I said earlier in my remarks, for the C.B.C. to report to the board of broadcast governors but the C.B.C. should have had assurance of long range financing. The Fowler commission recommended annual grants to the corporation with a review after five years. Instead, section 35 provides for the corporation to lay annually before parliament through its minister a capital budget and an operating budget which means, in other words, that the corporation will have to come each year to parliament and beg for its financing.

The proposed method of financing hampers the management of the corporation in planning its operations over a reasonable period of time. While the government may argue that the bill provides for the corporation to have working capital in the amount of $6 million and that its debt to the government in excess of that amount will be extinguished, this money cannot be spent on operating expenses.

The failure to provide the corporation with an assured income for operating expenses places the future growth and development of the corporation in jeopardy. If expenditures increase, as they most certainly will, and the corporation requests ever-increasing sums from the government, the government could conceivably reject the requests on the grounds that the federal treasury could not afford it in view of other, more urgent expenditures. The public might accept the government's view without too great protest, regardless of how valid the corporation's claims were. In other words, the government may now, without any public protest, starve the C.B.C. financially. This is an unfair burden to place upon management.

I should like to deal briefly with another aspect of the bill. Section 19 provides for the board of broadcast governors to report to parliament through a member of the cabinet designated by the governor in council. Section 36, on the other hand, provides for the C.B.C. to report to parliament through a minister designated again by the governor in council.

It can happen that the two bodies will have to report to two different cabinet ministers. What will happen then in case of conflict? There can be cause for ministerial conflict which would hamper the work of the C.B.C. and of the board of broadcast governors. If the two boards are going to be established by the government, the bill should contain a clause by which the two boards should be responsible to the same minister. If the government is going to rush this legislation through, it should be very careful as to who is going to be appointed to the two boards.

In studying the present legislation Mr. Frank Swanson, in the Ottawa *Citizen* of August 22 last, asked the question, "how will it work", and gave this answer:

> In the end, it probably will depend primarily on the quality and abilities of the men who will make up the new board of broadcast governors.

In my own judgment the bill will not satisfy anyone. In an editorial which appeared in the Toronto *Star* on August 20 last I find the following:

> Canadians have a right to expect that federal broadcasting legislation will, so far as possible, guarantee three things: (1) A strong national broadcasting system; (2) freedom of this system from political interference; (3) responsible use of the channels and frequencies which private broadcasters are privileged to occupy.

The bill which the Diefenbaker government has just put before parliament guarantees none of these things.

Mr. Speaker: Order. I allowed the hon. member to read an editorial from the *Globe and Mail* a while ago, which strictly speaking was contrary to the rules. Editorials which comment on what is before the house are not in order. Members are free to use ideas from editorials in their own words but it is not strictly in order to quote editorials which reflect on what is going on in the house at the time.

Mr. Pickersgill: I wonder whether Your Honour would permit an observation? Is it not in order to quote an editorial if one states that he embraces the views expressed therein?

Mr. Speaker: I am sorry, I did not understand the hon. member's last words.

Mr. Pickersgill: If one says he embraces and endorses the views expressed therein, is it not in order?

Mr. Speaker: I would rather put it this way, that editorials which express opinions about a matter which is before this house have been refused, and I think properly. Hon. members should express their own thoughts. There is nothing to prevent them from adopting the opinions of others, but it is not good parliamentary practice to quote editorials that reflect, either pro or con, on a matter with which the members of the house are currently dealing.

Mr. Rouleau: Thank you very much; I shall abide by your ruling. For these reasons, and the one I mentioned in my remarks, I am of the opinion that the passage of this bill should be deferred until we have had an opportunity of carefully studying the matter in a parliamentary committee set up for that purpose. Accordingly, I respectfully submit we should defer passage of this very important piece of legislation until the next session of parliament. I move, seconded by the hon. member for Sudbury (Mr. Mitchell):

That the word "now" be left out and the words "this day six months" added at the end of the question.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I was wondering if the minister wished to reply to this amendment? In that case, since there seems to be no one else who wishes to speak at the moment, there are a few observations on the amendment itself I should like to make, and a few on the bill, which I think justify the presentation of the amendment which the hon. member for Dollard (Mr. Rouleau) has just presented. He has, of course, simply done in a formal way what the Leader of the Opposition (Mr. Pearson) did informally in his appeal to the government this morning, which I am sure the Leader of the Opposition expected would have been accepted without a formal vote of the house. The hon. member has moved that this bill be not proceeded with at this session, but that it be presented at the next session or a better bill introduced on another occasion.

It does seem to me that the arguments which we made on this side of the house at the resolution stage, that this bill should be given first reading and should be left for study by hon. members during the recess and for study by the public generally, are amply justified by our examination of the bill itself. In the first place, the bill does not live up to the advance notice which, I admit, was in rather vague terms. I am not accusing the Minister of National Revenue (Mr. Nowlan) of misleading the house deliberately, but I must admit that he misled me, and I think he misled a good many others in the country into thinking what the government was going to do was substantially to implement the recommendations of the Fowler report. It is true, and I want to be quite fair about this, that the minister did indicate, in response to a specific question I asked at the resolution stage, that the financial scheme would not be what was recommended in the Fowler report. I must say, from that moment on, I began to have very grave doubts about what we were likely to see in the bill. When we got the bill we saw it was a great deal worse than anything I had feared.

I want to make the same points as the Leader of the Opposition has about some of the respects in which the bill seems to me to be worse. While I really do not think I have any new points to add to those made by the Leader of the Opposition, there are some aspects of those points that he made so comprehensively this morning which I do believe deserve to be underlined. Before doing that, I should like to take up the challenge of the hon. member for Port Arthur (Mr. Fisher), and say that I am more interested in the views expressed by the *Free Press* in its great days than I am in its later expressions of opinion on this subject. I assure Your Honour, lest there be any doubt about this, that the editorial I now propose to quote has been quoted many times before in parliament and has no relationship to the present bill or proceedings before the house, although it has a direct bearing on the subject matter of the present bill. The most recent occasion on which this article was quoted in this house was July 14, 1958. It has to do, of course,

with that great stage in the history of broadcasting in Canada when Mr. Bennett introduced the Canadian radio commission legislation in 1932. At that time, the editor of the *Free Press* had this to say:

> The radio issue now being decided at Ottawa is quite simple and very easily grasped. There is a choice between a national system and the handing over of the radio-supporting public of Canada to the radio monopolies of the United States. All the pleas put forth on behalf of private control of radio in Canada, no matter how plausibly presented, nor how strongly backed by eminent figures in the world of finance, are in support of a system which, in its practical working out will make Canada a subordinate annex of the United States radio-land and give the final (if concealed) voice in the decisions of how radio is to be operated in Canada to purely commercial interests, American in character.
>
> The day of the small detached and supposedly independent radio station is about over in Canada. If the field is left to private enterprise, there will be rapid consolidation of these stations into a combination. We shall have a privately-owned monopoly of the air, and this monopoly will operate in harmony with the great radio monopoly of the United States—the harmony that always exists between the boss that gives orders and the dependent subordinate who obeys them.

I knew the late Mr. Dafoe very well, and that, of course, is just the way he talked. I think Mr. Dafoe was fundamentally right in the first paragraph he wrote but in the light of experience in the recent past, I do not believe I would say he was entirely right in the first sentence of the second paragraph. He said:

> The day of the small detached and supposedly independent radio station is about over in Canada.

I think it is a very happy and fortunate circumstance that he has been proved to be wrong about that one point. I think the small, detached and independent radio station owned by someone in a local community in Canada has performed an increasingly useful service over the years. There are a few stations in the great metropolitan centres that do not seem to perform a service that appeals very much to many of us in this house, but I suppose they must be performing some kind of service or the people would not pay for the advertising. The stations in the smaller places, catering to local needs, supporting local causes and giving a greater sense of community to those localities, have proven to be a very valuable addition to our Canadian patrimony.

I, for my part, feel that anything we do which would have the effect of weakening the detached and independent character of these stations would be most unfortunate. I have never favoured the idea of having them linked up in great chains, although economies might be effected in some ways by having local networks for limited purposes. I feel, however, that the greater the independence of the private stations and the greater the local character they can have, the better. I do believe that every Canadian today who has given any serious, detached and objective thought to this matter—even the most ardent socialists—now feels this way or at any rate so express themselves.

There is no doubt that there is a problem, although I have always thought it was rather more psychological than really practical. With respect to the situation between the private stations and the C.B.C., a psychological situation has been created in the last few years supported by very respectable organizations and very respectable arguments, arguments which, on the face of them, appeal at first blush to any liberal minded person. These arguments are to the effect that there is something wrong about the regulation of these private stations by the operating officials of the public service. This was one, although I do not think by any means the most important, of the problems which were submitted to the Fowler commission, and I thought that commission had suggested the happiest possible solution of that problem. I agree that there was a genuine grievance on the part of the private stations with respect to the actual operating personnel of the C.B.C. carrying out this regulatory function as opposed to the board of governors. I believe it is a good thing to have individual C.B.C. stations competing with private stations for listeners. I see nothing wrong with that, in fact I think it is a very good thing but, at the same time, we did not wish to see a situation created wherein there would be two systems in this country; we wanted only one, and we, in our party, have always taken that view.

Of course that is not the view which was taken by hon. gentlemen opposite, or some of them, when they sat over here and I exempt the Minister of National Revenue from that charge. I just looked at the record at random this afternoon—because one does not have much time these days to do any continuous research—and when the hon. gentlemen who were then sitting on this side of the house were trying, very ineffectually, to reply to one of the most brilliant speeches made in this house, namely a speech made the previous day on this subject by the hon. member for Laurier (Mr. Chevrier), who was then the member for Stormont and the minister of transport. I found, as one would expect to find, that the clearest and most precise statement on the position of the Tory party was made by the present Minister of Justice (Mr. Fulton), who was then the private member for Kamloops. I think, in view of what we have in this bill it is perhaps fitting

that I should now place on record what the member for Kamloops had to say at page 3040 of *Hansard* for March 17, 1953, which reads as follows:

The system we want to see is a parallel system to that which prevails in our railway communications, which are still governed by the national policy laid down by a Conservative government—

These departures from history I will just ignore as I go along.

—and to which the Minister of Transport today paid tribute. We want to see the same system as prevails in air transport, to which the Minister of Transport also paid tribute.

The hon. member did not quite have the gall to suggest that that was also done by a Conservative government.

We want to see that policy prevail in the field of television broadcasting particularly, because we believe that policy would preserve the right of parliament through the regulatory body to lay down conditions and regulations under which television programs might be presented, and to prescribe the Canadian content of the programs. These stations would, nevertheless, be allowed freedom of operation and competition within those limits, under a policy which would serve the interests of the Canadian people with respect to building up a television system, and consistent with the building up of Canadian talent and Canadian programs, but without the dead hand which is now holding back that development as is the case under the misguided government television policy.

That is what the Minister of Justice had to say when he was on this side of the house; but the Minister of National Revenue took a rather different view of what we had done when he spoke in this house on June 3 of this year, and I feel I should recall to hon. members the words used by that minister as recorded at page 812 of *Hansard* for that date:

This year, under the aegis of this government—

That is to say the government of which he is a member.

—I am not speaking politically now at all because other governments gave the C.B.C. financial support, too—

Mr. McIlraith: We did a good job with it.

Mr. Nowlan: You did a good job with it; there is no question about that, but we are going to do a better one with it.

It was precisely those words used by the Minister of National Revenue, more than anything else said during this session, that lulled some of us on this side of the house into what I can only now describe as a false sense of security, and of course we were the more disillusioned when we saw what it was that the Minister of National Revenue, whose heart was shown to be in the right place last June, had been compelled by the exigencies of cabinet solidarity to accept in late August.

I am sure that all of us feel that the minister must have tried to put up a very strong rearguard action because, after all, it took him from June 3—which would have been approximately a reasonable date at which to bring in this legislation if any consideration was given to parliament or to the rights of parliament instead of taking until I believe a week ago today, August 18, to get his colleagues to go even one-quarter of the way. I say, like the Leader of the Opposition, that one-quarter of the way is just not good enough. We are far better off with the law as it is than we would be if this bill were passed, far better off.

If there were any hope of defeating the bill of course that would be the best thing to do with it. We could then start all over again, but of course the government can prevent that. It does, however, seem to me that the government might have a sober second thought as a result of the amendment moved by the hon. member for Dollard and might consider whether it should not accept his amendment and allow this matter to rest. While the government was itself resting a little during the recess, it could give the matter some further consideration and could also allow the rest of us to give some further consideration to this very important problem, because this bill does attempt to alter fundamentally the whole structure of broadcasting in Canada. We had hoped it was going to be altered for the better, along the lines of the report of the Fowler commission. I do not accept, and I do not think anyone accepts, that report in its entirety but, speaking generally, I do feel it is the most useful guide we could have at the present time to legislation of this nature.

In order to illustrate a little further how widely and how fundamentally this bill does differ from what the Fowler commission recommended, I should like, as the Leader of the Opposition did, to read one or two passages from the report and I do not wish to trespass on the time of the house by repeating the reading of any of those parts which were read by the Leader of the Opposition. I should like to read, first of all, from the chapter entitled "The regulation of broadcasting", on page 90, beginning at the last paragraph:

We think there have in fact been two public elements involved in radio and television broadcasting. This factual separation of powers should be more precisely defined in law. One of these elements should be an operating agency, engaged in the operation of publicly owned stations and national networks and in the production and distribution of a national program service throughout Canada. We think that the phrase "national program service" should, if possible, have a more detailed definition as to its geographical scope and intended purpose than has been given up to the

present time. If this agency is given precise responsibilities it should also be given powers sufficient to discharge those responsibilities, and financial resources, on an assured basis, adequate to do the job that parliament intends it to do. A crown company seems to be the simplest and most familiar form for this agency to take. The existing Canadian Broadcasting Corporation, with minor changes in its statutory powers and organization, can be this agency. Many of the subsequent chapters of this report will deal in detail with the powers, organization, operation and finances of the C.B.C.

The other public agency in the Canadian broadcasting field should be a board created and authorized to act for parliament, and responsible to parliament, for the direction and supervision of the Canadian Broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the corporation. The provision in section 3 of the Broadcasting Act of 1936, whereby the corporation is made to consist of the board of 11 governors was no doubt a familiar form of statutory provision and a natural method of applying the concepts of private company law to a crown corporation. In other crown companies it may not matter, but in broadcasting it has probably contributed to some public confusion as to the nature of relations between the governing board and the operating corporation.

This board is not part of the C.B.C.—

That is the board they are now recommending.

Mr. Nowlan: That is what we have made plain.

Mr. Pickersgill: I admit the minister's point there. That is what he has made plain, but there is something else which he has made anything but plain, and that is what I am coming to in a moment.

This board is not part of the C.B.C. and should not be referred to as "the board of governors of C.B.C.". We suggest that a new board, differently named, should be created by statute. The name we use in speaking of this agency is "The board of broadcast governors".

I do not think I will read the next few lines because it would be just a waste of time, but the beginning of the next paragraph is very important.

The C.B.C. is responsible to the board and is answerable to it for its performance and efficiency.

That is the critical point, it seems to me, about this bill; that is the real difference, expressed in that one sentence, between the bill before us now and the Fowler commission's recommendations.

Mr. Nowlan: That is the substance of your criticism, is that it?

Mr. Pickersgill: That is the most substantial part of our criticism on the one point and, of course, the minister is very familiar with my other criticism that the power of the purse is the power to destroy.

The report goes on:

Similarly, private broadcasters are responsible to the board for their performance. The degree of supervision and control by the board may vary as between the public and private elements in the single Canadian broadcasting system, and may vary from time to time as between different units in the system, but the basic relationship between the broadcasters and the board is the same for all stations. They are responsible to the board, which in turn is responsible to parliament for the whole Canadian broadcasting system.

In the following sub-headings of this chapter—

I do not think there is any point in reading further in that paragraph, but there are two final paragraphs in this chapter on the regulation of broadcasting from which I should like to read a few sentences. The last paragraph on page 135 reads:

It may be that some of the misapprehensions of the private broadcasters concerning Canadian broadcasting controls and the apprehensions of the public will be met at least partially by some of the suggestions we have made for clarification and re-definition of present arrangements. For example, the amendment to the act which makes it clear that the proposed board of broadcast governors does not comprise the C.B.C., may confirm the independent nature of the board. Such independence, we believe, has in fact—

And this is very important, it seems to me.

—characterized the actual operations of the board of governors in the past. The suggestion as to procedure for hearing licence applications for new public or private stations may avoid some public apprehension that there was some conflict of interest and duty in the exercise of the board's licensing authority; this also we think was more apparent than real. The separation of the C.B.C. activities of station relations and broadcasting regulation may remove one source of confusion and misunderstanding in relations between the C.B.C. and private stations.

Now I should like to read just the last sentence of all in this chapter.

If and when, after public discussion of our recommendations and parliamentary debate on their implementation—

I emphasize that again—"parliamentary debate". Surely that is something more than even the best of us could be expected to do effectively at this stage of the session.

—the suggested changes are made, it is to be hoped that this long and frequently bitter argument about a separate regulatory body will come to an end, and private broadcasters will accept their true role as valued and essential partners with the C.B.C. in the single Canadian broadcasting system.

As compared with those recommendations, what in fact have we here? When I read the bill first, sitting here in my place after it was distributed, I turned to someone sitting beside me and said: "This bill reminds me of nothing so much as the Austro-Hungarian empire before 1914; there is an uneasy kind of duality; no one knows where any of the responsibility lies; it is an utterly

ramshackle structure which is almost certain to fall to pieces if it does not result in some kind of civil war."

It is obvious that you cannot have any clarity with diffused responsibilities. Our great pride in our system of government as compared with any other rests on the fact that the line of responsibility under our system is clear—you always know who to blame and where the blame should rest. It seems to me that it is not desirable to get into this mixed system where nobody is to blame and where nobody has clear responsibility. Who is going to govern the C.B.C. if this bill is adopted; the board of broadcast governors, as Fowler recommended; or this board of directors which has been conjured up like a rabbit out of a hat; or the minister to whom the board of directors of the C.B.C. would be responsible, and responsible in a fashion that I never expected to find in any broadcasting legislation?

I am surprised at the minister framing legislation containing such a phrase as "during pleasure for seven years". I do not know who invented that phrase. I am not a lawyer, and I may never become one, but I have read a lot of statutes in my time. It may be that the minister can produce some precedents for this, and it may be that some of those precedents might apparently prove embarrassing, but I must say that if there are precedents they are probably bad precedents. You either are there during pleasure or you are there during a term of years. It seems to me it is a plain contradiction in terms. A term of years during good behaviour is included in the provision respecting the board of broadcast governors. That is an understandable, normal provision. There is also a normal provision for the determination by some one of what is good behaviour. I do not know if the Secretary of State for External Affairs (Mr. Smith) has been giving consideration to this matter but I would be rather interested to hear his views on the phrase, "during pleasure for seven years."

The only construction I could put upon it is that they can stay there for seven years if they keep on pleasing the Minister of Finance (Mr. Fleming) for seven years and that is precisely the thing of which we were afraid. That is precisely what we were afraid of, as I said at the committee stage on the resolution, when the minister hinted to us that the government was not following any of the recommendations of the Fowler commission about the financing of the Canadian Broadcasting Corporation. At that time I believe I used the phrase they would have to go on bended knee to the Minister of Finance but, unless the Minister of Finance is to be the minister responsible, it looks to me as though they will have to bend one knee to the Minister of Finance and one knee to some other minister and try to please them both. That may be possible. It may be there is such harmony in the cabinet that if you please one minister you please them all but perhaps one may be permitted to be a trifle sceptical about the clear lines of responsibility about which I was speaking a few moments ago in a situation like that.

It seems to me there should be no one whatever in the new C.B.C. set-up reporting to a minister. If we are to follow the broad scheme that the Minister of National Revenue is asking us to follow in his bill, the C.B.C. should report to the board of broadcast governors in exactly the same way as the management of the C.B.C. in the past and up to the present has reported to the board of governors of the C.B.C. and the government's relations and parliament's relations should be with the board of governors and with no one else.

Here we are going to have a situation, as was pointed out by my friend the hon. member for Dollard, where we will have the board of broadcast governors perhaps reporting to one minister, and the C.B.C. reporting to another, and in addition the C.B.C. having to go to the Minister of Finance for its funds. It is a preposterous kind of arrangement. As the Leader of the Opposition so very well pointed out this morning, it is just inconceivable that it could ever work.

What is even more serious, in my view, is that it opens the door wide to political interference. Here you have the president and the vice president of this great broadcasting organization appointed during pleasure. They can be fired at any time without explanation by the governor in council. They are the people who will be in charge of the operations of the corporation and they will be reporting to a minister. In some vague way they also have over them this entity, the board of broadcast governors. Where are the lines of responsibility going to be drawn? There is no clarity and there is no certainty but there is every opportunity and every incentive—and one would have to be almost more than human to resist the pressure that there is bound to be—for political interference. I suggested the other day and I still think it is true that perhaps the government would not be so crude as to threaten to cut down the appropriation if they did not behave. But the carrot will often accomplish much more than the stick, as we well know.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The suggestion is, with regard to the Minister of Finance, if they are good boys, if they present his victory bonds in the right sort of way, if they give him a good break on the budget, if they do not say too much about the deficit and if they are just as careful as can be about these things—

Mr. Hodgson: Do not tell all your secrets.

Mr. Pickersgill: —they will get a little more next year so they will be able to increase the salaries and generally have a cozier time. This is the most insidious aspect of the matter.

One can pick up the report of the Fowler commission and almost at random find quotations about the supreme importance—and I come back to this as the most important thing of all—of having a certain budget for a period of years for operating expenses, because it is in the operating expenses and not in the capital development that the opportunities for this kind of pressure are obviously present.

When all is said and done, if you are going to start a big new station somewhere it represents a large new project and is something that perhaps ought to be considered as a single individual item by parliament. It is certainly something I would have thought would not lend itself to any degree to five year plans. But what seems to me is very essential is that by one device or another the C.B.C. should have a certainty as to a minimum amount of revenue. For my own part I again express the feeling that they also should have a certainty as to a maximum, because I do believe the methods of financing of the C.B.C. up to now—and here I agree with what the Minister of National Revenue said earlier this session—are no longer satisfactory. Indeed, I doubt if they have ever been completely satisfactory or if the problem was ever wholly solved, and that is the principal reason why Mr. St. Laurent and Mr. Harris asked their colleagues to join with them in recommending to His Excellency that this royal commission be set up. It was precisely to solve this problem in a more satisfactory way.

In order to have political independence of the government it is essential that the Canadian Broadcasting Corporation should have a certain minimum income, but equally, in order to protect the treasury, which is a consideration of which we must never lose sight, there should also be a maximum, in my view. Since the Canadian Broadcasting Corporation is not subject to those commercial pressures which commercial operators have to meet—that is to say their balance sheet—and because, of course, it does not have the same kind of objective measures of service that the railways and organizations of that kind have, it seems to me that by imposing a maximum you do enforce economy upon the organization. There may be three or four things they would like to do, all of which would be desirable, but there will not be enough money to do them all, and they must make a choice among them and cut their coat according to their cloth. I believe that is a good thing for any public agency. An ordinary government department is financially controlled through the treasury board and other devices and also through the annual appropriations in parliament. But, as I say, annual appropriations are most undesirable in this case for two reasons; first, because there would be a lack of the certainty needed to give the corporation independence and, second, because it would open the door wide to political interference or the suspicion of political interference.

I am not making any accusation to the effect that there is any member of the government who presently has any such design. I am not saying that at all. Perhaps I would not have complete confidence in all of them but I am not making any such suggestion. I do say, however, that insensibly these things can happen, if the opportunity is there, and it is our duty as a parliament not to have the opportunity there. It is not necessary and it is not desirable.

It seems to me that what is necessary and desirable is that there should be a period of years long enough to provide a reasonable degree of stability or, if possible, some mechanical formula such as the formula—I just give it by way of illustration—for calculating university grants, where again we have been very anxious in this parliament to make it abundantly clear that there was no interference with provincial rights; some mechanical formula depending on the growth of the population and the value of money, or something of that kind, something which could not be changed at the whim of the Minister of Finance or of the governor in council, to determine what these C.B.C. revenues should be.

It does seem to me that what is suggested here is wholly and utterly unsatisfactory. It is made worse by this provision that the operating agency, the C.B.C., should be responsible in some respects, which are not defined, to the board of broadcast governors and in other respects, which are also not defined, to a minister, and that the operating heads of the C.B.C., the two chief executive officers, should be employed during pleasure. That, sir, is something which I hope the government, if they persist with this bill, which I sincerely hope they will not, will take out of the bill in committee.

Mr. Hubert Badanai (Fort William): Mr. Speaker, I do not wish to speak on the shortcomings of the bill since they have already been very ably dealt with. However, I do wish to speak on one aspect of broadcasting and on television in particular. I am concerned with certain programs which are approved for television presentation. I would like the Minister of National Revenue (Mr. Nowlan) to tell the house who is responsible for some of the atrocious productions such as the one which appeared on Saturday, August 16, which inspired the editor of the Fort William *Times Journal* to write an editorial which I trust you will allow me to read, Mr. Speaker. This is an editorial which describes a condition rather than offering an opinion. I quote:

Last week the world president of Rotary visited Fort William. He is an American from Milwaukee, an idealist who heads an international organization devoted to the cause of building good will between peoples of all nations. Warmly received here, the distinguished gentleman radiated friendship.

At the same time he was being welcomed in the city, labourers in the vineyard of the Canadian Broadcasting Corporation at Toronto were putting the finishing touches on a production—

The Acting Speaker (Mr. Rea): Order. I must draw the hon. member's attention to the fact that on second reading we refer to the principle of the bill; we do not go into individual programs.

Mr. Badanai: Thank you, Mr. Speaker. I am merely describing what the broadcasting corporation did produce on that particular day. I am not going to read the editorial; I am merely summarizing what the editorial said. The production was put on by Duffy. It was supposed to be some kind of comedy and the supporting actors staged a scene—

The Acting Speaker (Mr. Rea): I will have to remind the hon. member again that on second reading we cannot discuss individual programs. We must discuss only the principle of the bill.

Mr. Badanai: I wish to say this, behind the direction of C.B.C. productions—and I refer particularly to this one—there seems to lie an enormous dislike of the United States and of Americans because this refers particularly—

The Acting Speaker (Mr. Rea): Order. I do not want to have to ask the hon. member to take his seat, but once again I certainly ask him to refrain from discussing individual programs and stick to the principle of this bill.

Mr. Badanai: I will wait until the committee stage comes up but nevertheless I cannot refrain from saying this. As intimated by the contents of this particular editorial, the president of Rotary International, an organization with clubs established in more than 100 countries or geographical areas of the world, is the president of a movement one of whose objects is the promotion of understanding, good will and peace with all nations, and while visiting the cities at the lakehead, on the screen of the television set in his hotel suite, scenes as described in the editorial I have mentioned, which were objectionable, were portrayed.

Surely, the responsible minister should take effective measures and without delay to see that such objectionable programs—

The Acting Speaker (Mr. Rea): I am afraid I am going to have to ask the hon. member to take his seat. Is the house ready for the question?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, before the amendment is called I should say a few words, I think, in reply to some things which have been said today. On the whole the debate has been on a high level, and I appreciate the comments which were made. I must say it has been rather difficult to follow all the arguments which have been advanced. I was particularly intrigued with the speech of the hon. member for Bonavista-Twillingate, (Mr. Pickersgill) who had such great apprehensions about the Minister of Finance (Mr. Fleming) and about the powers which are given under this bill.

This bill simply carries out one of the main fundamental recommendations of the Fowler commission, and a fundamental policy of this party throughout the years, namely that there should be an independent regulatory board controlling regulations of both public and private stations. That is a matter to which we have been committed; that is a matter which the Fowler commission report recommended and that is what we have carried out in this legislation.

It is all right for the hon. member for Bonavista-Twillingate to talk about devious lines and where the authority lies and we do not know just how this is going to work. It is easy to say that. As I said earlier, many of these things have to develop with practice. Under this board of governors the C.B.C. is in exactly the same position in so far as applying for a licence is concerned, or regulation, as any other private station. We have done nothing whatsoever to interfere with the C.B.C. as an operating unit. Let us not have any nonsense on that score whatsoever. The C.B.C. still has its own network; the C.B.C. still operates that network and the C.B.C. will continue to do so.

If anyone has any question as to the attitude of this government towards public

operation of radio, and in general, I refer him again to section 10 of the bill, Mr. Speaker, which says:

> The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations—

And so on. The powers given to the C.B.C., Mr. Speaker, by this bill are exactly the same, with minor technical changes, as the powers given the C.B.C. under the act of 1952, chapter 32, which again was a re-enactment of the act of 1936, except in so far as the power to make regulations is concerned. Otherwise, the powers given in sections of the old bill are virtually the same, with the one exception of regulation, as are the powers conferred by this bill today.

Mr. McIlraith: I should like to ask the minister a question in order to clarify one point. In quoting section 10 he quoted the general part containing the statement of the purpose of the C.B.C. but when he came to the actual powers granted by section 10 he omitted dealing with them and, I presume because we are at the second reading stage, referred to them only as "and so on and so on." It is those very powers in section 10 now given to the board of broadcast governors that are causing us concern.

Mr. Nowlan: I certainly did not leave that out deliberately. I read the first part of section 10 as an enunciation of policy and what may be causing trouble to hon. gentlemen opposite with respect to the rest of section 10 I do not know unless it is the fact that it refers to regulation of networks in the plural. Although no one opposite has mentioned it and I thought someone would, hon. gentlemen well know that that section is in the old act too. The Canadian Broadcasting Corporation's board of governors has the power to inaugurate various networks and from time to time they did establish temporary networks on special occasions for such things as hockey games, games of other kinds and so on. Therefore there is no difference there whatsover—

Mr. Pickersgill: No one said there was.

Mr. Nowlan: —although some of our editors across the country apparently misunderstood it and thought we were going to create something new by starting to establish networks for the first time when it has been the law of the country since at least 1936.

As I said earlier, I think the matter of personnel is more important than anything else. The hon. member for Port Arthur (Mr. Fisher) said he was disappointed because I had not enunciated what government policy was going to be and what instructions we were going to issue to the board of broadcast governors with respect to regulation. That is the last thing in the world I will do as long as I am the minister in charge of the C.B.C., and I am sure that applies to every other member of the government. That is why we are appointing a board of broadcast governors. You cannot in one breath say that you want an independent board and in the next breath criticize the spokesman for the government at the moment because he has not set down what the board has got to do. The board itself will lay down its own regulations within the framework of the act and particularly within the policy enunciated by section 10, and far be it from me or any member of the government to enunciate policies to them other than what are contained in the bill itself.

As far as I can see, the Leader of the Opposition (Mr. Pearson), in an able and careful speech this morning could not point to one specific matter in the bill at which he took offence. He had forebodings. They have had forebodings about this party for a long while but most of them have been dissipated. They have had forebodings throughout the years. There were forebodings that we could not even form a government and that if we did we would not be able to carry on. There were forebodings about what we were going to do to the C.B.C. and all the rest of it. These things have been pretty well dissipated.

The Leader of the Opposition said in his speech that this might happen or this could be done and he had fears as to the future, about which it is his responsibility to have fears, but there is nothing in the bill itself to suggest this in any way, shape or form. The only material point I can see in the criticism, and I hope I am fair to hon. gentlemen opposite, is the fact that the C.B.C. will report to parliament instead of to the board of broadcast governors. What is the point in that, Mr. Speaker? Does it make any great difference whether the C.B.C. reports to the board or whether it reports to parliament? It is true that the Fowler commission recommended that it should report to the board. I am sure hon. gentlemen opposite know very well that if they wanted to have a debate on the C.B.C. or to criticize the C.B.C. the mere fact that the C.B.C. reported to the board rather than to parliament would not prevent that for one moment. Hon. gentlemen opposite, or whoever sat in this house, as would be their right, could take the report of the board of broadcast governors and use that as a basis for talking about or criticizing the C.B.C.

Frankly, I can see no merit whatsoever in the suggestion that the bill changes something fundamental because we have the C.B.C. reporting to parliament rather than to the board. Bear this in mind, Mr. Speaker, that this year the C.B.C. will be spending over $41 million, not commercial moneys but public moneys, which is voted by parliament. Surely an organization which is spending that amount of money should be required to come to parliament and to report to parliament. Surely parliament should exercise at least some scrutiny over the way in which these moneys are spent. That was my feeling anyway, I think it was the feeling of my colleagues and substantially I think it is the feeling of the house. I cannot believe that hon. gentlemen were serious when they raised that point.

There is another matter which may have some merit. I could see that an argument could be developed but with all due respect it is one which I think has no merit in substance. The point was made that the president and vice president of the C.B.C. are to be appointed to hold office during pleasure for a period of seven years. The hon. member for Bonavista-Twillingate made a great point of that. I have not got the documentation here but I am told that that principle occurs in other statutes enacted before this government came into office. I am not certain; I simply say I have been told that.

Frankly, I questioned that point and wondered about the phraseology. We discussed the matter with the draftsmen, law officers and others and, while you can debate the point, the justification for it is that under this legislation the president and the vice-president are managerial. They are executive officers responsible for the management and managerial and executive officers generally are supposed to be at pleasure because if they do not do a job their superior officer has to exercise some control over them. That is the justification or argument, call it what you will. I must say it is a point to which I had not paid much attention one way or another until I heard the matter put so forcibly a while ago as undermining the whole structure of the Canadian Broadcasting Corporation. I do not think my hon. friend intended it that way. However, that is the justification and as I say I am told that it is not original with this government. The other directors of the board are appointed to hold office during good behaviour because they exercise a semi-judicial function whereas the president and vice-president are executives as well as directors of the board.

A great deal has been said this afternoon about the Minister of Finance and the fact that he exercises power in some way over expenditures. You would think that there was something new in this. No one knows better than the hon. members who have spoken today, at least two of them who were of the privy council, that the estimates of departments and the estimates of the C.B.C. during all the years that they were in office—

Mr. Pickersgill: Oh, no.

Mr. Nowlan: —were submitted to the treasury board after having been recommended and approved by the Minister of Finance. They were discussed and reviewed by treasury board. That is the advice I get from the senior officers.

Mr. Pickersgill: Only in the last two years.

Mr. Nowlan: I know it was done and hon. gentlemen opposite know that when they went out of office a year ago treasury board had only approved six months' estimates and that these estimates had been approved heretofore by treasury board. I heard the hon. member for Bonavista-Twillingate say that it has only been done in the last two years. I think I know the argument on that and I should like to deal with it right now. We have been told that the C.B.C. is now going to have to come cap in hand to the government, treasury board or parliament for money. What has the C.B.C. had to do during the last few years, in fact, pretty well throughout all the years of its existence?

In the old days, of course, the Canadian Broadcasting Corporation was a relatively minor corporation so far as expenditure was concerned. Radio was not expensive. It had its commercial revenues, its licence fees and its own budget and it had to live within that budget. When it exceeded its budget it had to fire someone or discontinue a program. That was the situation in the earlier days. Along came television, and what have we had? We have had increasing expenditures. The government made the excise tax available to the corporation, which had no reference whatsoever to the needs of the C.B.C.

Mr. Pickersgill: But which was certain and not under the control of the government.

Mr. Nowlan: They received extra money from that source. As for the later years, I have the figures here. In 1957 my hon. friend was sitting on the treasury benches and the Leader of the Opposition was sitting on the treasury benches.

Mr. Pickersgill: That is precisely why we appointed a royal commission.

Mr. Nowlan: What happened in 1957? You had an annual grant voted by parliament of $18,250,000. You also had a loan, but this is

a euphemistic expression, as the hon. gentleman well knows. What was the difference between a loan to the C.B.C. by the government, which would never be paid back, and a grant? You covered it up by calling it a loan. In 1957, in addition to the $18 million, you had $18,500,000 as a loan. You could say it was for capital, and it probably was. In 1954 you lent $4,350,000.

Mr. Pickersgill: Would the minister permit a question?

Mr. Nowlan: Surely.

Mr. Pickersgill: Is it not true that over the years, until very recently, those loans to the C.B.C. have all been repaid?

Mr. Nowlan: I have not the balance sheets here, but I do not think so. The Fowler commission recommended they be wiped out. As they said, it was a foolish thing to be getting money from the government with one hand and paying back the interest on these loans with another. I have not the figures in front of me, but I think the hon. member will find that the amounts are still very substantial. If they were repaid, then they were paid back with moneys parliament voted; that is about the size of it. I say, therefore, that at least since 1954, there was a grant voted of $6,500,000 by parliament to be paid in three years, and even before that parliament granted moneys to the C.B.C. In 1957 there was $18,250,000 granted in addition to the revenue from the excise tax. In 1958, on the estimates the hon. gentlemen opposite prepared and tabled in this house before their government went out, there was an annual grant of $24,343,000 submitted to parliament. There is, therefore, absolutely nothing new in this situation of getting money from parliament. It is true that from a philosophical or theoretical point of view a good argument could be made out that they should have their own funds. It would be a good thing if the C.B.C. did not have to get any money from parliament at all.

However, this party believes in the supremacy of parliament, and I think the country generally does. I think hon. gentlemen opposite expect, when you are dealing with moneys to the extent that we are here today, then it is time that parliament expressed its judgment on that. Parliament would do that anyway. There is no possibility in the world of dealing with $40 million or $50 million and avoiding a discussion on it, even if any government wanted to avoid a discussion on it which I do not think any government would. This bill faces that situation realistically and says that the C.B.C. shall come to parliament for annual grants.

Look at the sections of the old act, and what do you find? You find the same provisions exactly. Section 17 says that the governor in council may authorize certain things and provide money for them on application. Then section 18 says that the corporation shall deal with the Minister of Finance. All of these sections here refer to the governor in council and refer to the Minister of Finance. What is the situation with respect to the C.B.C. now? It cannot get more than $25,000 without going, cap in hand, as my friends say, to the minister who, at the moment, happens to be me, and have the minister recommend to the cabinet this expenditure of $25,000, whether it is for a radio tower or for a program.

You will notice that nothing has been said about one important aspect of the bill, Mr. Speaker. We have heard a lot of talk about this terrible thing which is being done to the C.B.C., threatening its integrity, and so on. That is sheer nonsense. I have not heard a word today about the fact that under this measure the C.B.C. can spend up to $100,000 without going to the minister. We increased this ceiling largely because electronic equipment is so expensive today that when you are in the realm of $25,000 you are only buying relatively cheap material.

There is another thing in that section which has not been mentioned in this debate today, and that is that this limitation of $100,000 has no reference whatever to programming. Under the present act, which I am administering today, the C.B.C. has to come to me, and through me to cabinet, for approval to spend $25,000 on a program. There are very few programs today that do not cost more than $25,000. Under the bill which we have introduced, and which I am asking this house to pass, there is no limitation whatever on programming. A criticism could be made that there is a danger of the C.B.C. overspending; I prefer to deal with that criticism rather than be open to the other one. Now, and in the future, the C.B.C. can spend money for programs, program material and anything necessary in connection with programs, without any limitation whatever in so far as the government is concerned but subject, of course, to living within the general financial framework within which it has to operate. If that is not a substantial improvement over the existing system, I should like to know what is. Amidst all these dire forebodings and rumblings of doom I should have liked to have heard some discussion of those things which have been done for the C.B.C.

I do not believe it is essential or advisable that I should take up much more time. There

is, of course, one other matter which is very important and that is the section providing for the five-year program. The Leader of the Opposition said he did not think that would be very effective. I feel it is, at least, a distinct step in the right direction. I think it is something that will be effective. It is true there is nothing in there that says it shall be binding; it does not have to be submitted to parliament. However, I am sure if the hon. member for Bonavista-Twillingate gets up at the opening of the session and asks for the provision of the budget, I do not see how it could be denied, and I do not think it should be.

Mr. Pickersgill: We have been denied a lot this year.

Mr. Nowlan: It is a five-year program. The hon. member for Port Arthur said he thought it should be a longer one, and it might be. You cannot chop off a five-year item just like that. In general, it gives a picture of the capital commitments for the next five years. The C.B.C. has the commitment of the government, at any rate, that these moneys will be provided and, subject to some unforeseen disaster such as a change of government which is something that would be an unmitigated disaster, there can be no question but that the C.B.C. knows they have this capital framework within which they may operate. They need to come to parliament for current operations. It is true that Fowler recommended the reverse. However, he said he only used the capital item as something for which they had to go to parliament in order to give parliament an opportunity for discussion. If hon. gentlemen get involved in a discussion of programs they may be called out of order by the Speaker, but in any discussion of capital, such as recommended by Fowler, there is no hon. gentleman who would not be able to carry on a discussion in a very wide field. It is immaterial, so far as I can see, and so far as the discussion is concerned, whether the discussion takes place on a capital item or current operations.

Something has been said about the two boards getting in each other's hair—I think that was the expression used by the Leader of the Opposition. The hon. member for Bonavista-Twillingate quoted at some length from Fowler in connection with this matter who pointed out that two boards were not necessary. If one looks at page 135 of the Fowler report, one finds that he was referring to two boards of similar personnel involved in the regulation of broadcasting. This bill was designed so that regulation will be carried out by the board of broadcast governors and the financial and other administration of the C.B.C. as an operating unit will be carried on by the board of directors of the C.B.C. It is true that you may get a conflict. I know what has been said about one strong one and one weak one, or something of that kind, but I doubt if that follows. There are two different views but the board of broadcast governors is the overriding agency which is going to lay down the regulations and to enforce them, I hope and believe, and under which regulations all operations will be carried out in the future. The board of directors will administer the C.B.C. as the business and operating unit. There is no thought whatsoever of destroying the single system, or anything of that kind.

This, I believe, is going to make it better for the private broadcasting stations in that they can go to an independent body. Some of the criticisms levelled at the C.B.C. were probably not justified but the psychological problem is there. The fact that the private broadcaster had to go to the C.B.C., which was operating networks and perhaps operating a competing station in some communities to make application to the C.B.C., caused frictions and difficulties and I believe interferred with the efficiency and the public relations of the C.B.C. to a marked extent.

I am confident that when this bill is passed, the C.B.C. will find itself in a stronger position than ever before because that criticism will be removed, and it will be able to carry on as an operating unit and an absolutely independent body will administer the applications and will deal with these matters from both a public and private point of view. I believe that when the bill goes through and becomes law it will be found that we have solved this fundamental problem which has bedevilled broadcasting for 15 years because of the ambiguity of the situation and the criticisms in connection with it. This government has tried to clear up this problem and I believe we have succeeded in doing so. The future of broadcasting will, as I say, depend upon the personnel of the board of broadcast governors but I am confident that men and women will be found in this country who will man those positions and will give good administration to Canadian broadcasting in the future, making it even stronger and better than it has been in the past.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I have no apology to make for the fact that I am taking advantage of the amendment moved in order to say a few words—and they will only be a few words—on this bill for the second time. After all, we have been debating this matter only since 11.30 this morning and we are now perhaps on the point of voting on

second reading at five o'clock this afternoon. As has been pointed out by more than one speaker, we are dealing with a matter of the most fundamental importance and I would have hoped that in view of that fact we would have heard some statements about this bill, its purposes, objectives and principles, from members opposite.

Although it may be arguable, broadcasting is now perhaps the most important agency for the formation of public opinion and the dissemination of information which exists. Whether this is true or not, no one can deny that there can hardly be anything more important in a democratic society than broadcasting by radio and television. We in Canada know—although perhaps not so definitely or so tragically as is known in some other countries —what can happen to public opinion and what can happen to a country if this agency gets into the wrong hands or goes the wrong way. I am not suggesting that anything like that is going to happen in Canada; of course it is not. But this is a special problem for us in another respect because there is perhaps no country in the world where its own broadcasting agency can be more influenced or where its public opinion can be more influenced by the operations in this field of a neighbouring and friendly country. Therefore we have a duty to ourselves and to this parliament fully to discuss the principles of this bill in the light of that important fact.

While the debate on second reading may be coming to a close, we hope to have an opportunity to go through this bill in committee, section by section, and at that time to be able to point out to the minister the significance of some of these provisions as we see them and the way in which they do differ from the recommendations made by a royal commission set up to deal with this matter; a royal commission which did deal with it very effectively and in great detail and has made its report. If we keep on referring to that royal commission and to its report it is because the impression has been created that this bill is based on the report of the Fowler commission; I think it has already been made clear, although perhaps we can make it even clearer in our discussions in committee, that there are some very important differences between the provisions of this bill and the recommendations of that committee.

The minister has said that we really have not pointed out very many weaknesses in the bill; that we on this side of the house have expressed forebodings which no doubt will be removed after we have had some experience of the working of this bill if it is passed. I will leave it to the record to indicate whether we have or have not pointed out specific and concrete weaknesses in the bill as we see them; I believe some of the arguments we have advanced against it have not been met by the minister although, as I say, we will perhaps have a chance to deal with those matters in committee. So far as our forebodings are concerned—and like other speakers I do not include the minister in this particular foreboding—I particularly have in mind the views expressed by some hon. members opposite in years gone by as to the functions of the government in respect of broadcasting. These forebodings have been increased by the fact that we are discussing this bill in the house, not in June when it could have been sent to a committee, but on August 25, at the end of this session.

I will just take a moment, Mr. Speaker, to itemize the more important criticisms we have already made. We do feel that this bill could weaken the national system of broadcasting and could make it possible—although I am not going any further than that because I want to be fair and we do not know exactly how this bill is going to work out—its provisions do make it easier than was previously the case to develop two systems of broadcasting. Our worries in that regard are increased by the fact that under section 10, which outlines the objectives and purposes—

Mr. Nowlan: Would the hon. member permit a question? Would he point out how it does make it easier to do this other than by the fact, of course, that under the existing act the board of governors of the C.B.C. has the right to grant licences whereas now it is to be done by an independent body. Is that what the hon. member meant?

Mr. Pearson: I thought I had gone into this in some detail this morning but not, apparently, in a way that made any impression on the minister.

Mr. Nowlan: I heard of the forebodings but I did not see any justification therefor.

Mr. Pearson: As I have said, I did not appear to leave any concrete impression in his mind, but I hope perhaps to do so and to raise some forebodings even in that mind when we go through this bill section by section in committee. I hope we will have a chance to deal with the details at that time.

However, section 10 of the bill does state formally—and this is the governing section of this bill—the objects and purposes of this board of broadcasting governors as appointed. But there is no reference in that section to the maintenance or strengthening of the national system or to the paramount

importance of the public service aspect as the purpose of broadcasting. I do not mean to say that this could not be developed as the bill operates, but some of these forebodings about which we have been talking do arise out of the fact that no mention is made in this section, indeed no mention is made in any part of the bill, of this matter, this purpose. Yet, if one reads the Fowler report, as the minister must have more than once, one will see that in practically every chapter of that report the commissioners stressed the vital importance of one national system of broadcasting, primarily carried on as a public service.

My second criticism, which the minister says is not justified, is that this bill seems not to strengthen but to weaken the position of the C.B.C. Perhaps we will also be able to establish that point a little more clearly when we deal with the detailed provisions of the bill. Surely the fact that we now have two boards of a comparable character, two boards reporting to the government, two boards reporting to parliament through the same minister or two different ministers; surely the fact that two boards have to make two reports through two ministers does emphasize that there has in some way been created a division of responsibility and, perhaps, a division of broadcasting. I cannot, myself, believe that this kind of division in the channel, in the line of responsibility is not going to have a bad effect on the C.B.C. It runs absolutely against the report of the Fowler commission. Were I to read page 135 and following paragraphs of the report I think I could prove to the hon. gentleman that that is true, and that the Fowler commission did not recommend this kind of relationship between the regulatory board and the C.B.C.

One other specific criticism is directed against the cumbersome nature of the organization. We cannot for one moment accept the minister's statement that this bill will clear up the present situation and clarify confusion and remove, as the minister said a minute or two ago, ambiguity. We think it will have the opposite effect, especially when the two managerial heads of the C.B.C. are to be appointed at pleasure and can, therefore, be removed, if necessary, at pleasure.

The minister explained this by saying the government proposed to appoint them at pleasure because they were managerial personnel of the C.B.C. That is the very reason why they should be given increased protection and increased security. It would have been much less damaging, I think, to the C.B.C. if the other members of the board had been appointed at pleasure.

Finally, there are the financial provisions. The minister has dealt with these at some length. It is perfectly true that the C.B.C. in the last few years, because of increasing expenditures,—the reasons for which we all understand—in the development of its national broadcasting system has had to go to the government for increased grants. There is no doubt about that. It is also perfectly true that during all these years the C.B.C. also had access to certain sources of revenue in addition to commercial revenue. It had licence fees in the early days, and it has had excise tax revenue since that time.

Mr. Nowlan: That was an indirect one, the excise tax.

Mr. Pearson: Perhaps that is right, but the corporation did have access to certain sources of revenue and to that extent, at least, it was made independent of the government. During one or two years—the minister has the figures and I have not—I think he will agree that there were periods when these revenues were sufficient; in one year, I think they were more than sufficient to cover the expenditure of the corporation. But now, for all the corporation's expenses except those which can be met by commerical incomes, the C.B.C. must rely on the government and it has no other source of assured revenue.

Mr. Nowlan: I am sure the hon. gentleman wants to be fair. He should qualify that statement about the excise tax by noting that it is now falling so rapidly that the effect on the C.B.C.'s revenue from this source is almost negligible.

Mr. Pearson: It is true it is falling in relation to the costs of the C.B.C.—

Mr. Nowlan: And very rapidly.

Mr. Pearson: —but the fact remains that the previous government, aware of the necessity for increasing expenditures by the corporation and the increasing charge on the public purse, and aware, also, of the falling off in revenue from excise tax which the hon. gentleman has mentioned, did appoint a royal commission to look into the operations of the C.B.C. That royal commission found that the C.B.C. had been well run and well administered. After giving as much consideration to this financial aspect of broadcasting as to any other phase, this royal commission made a report.

I do not propose to read this chapter on financing into the record, but I will make a reference to it—pages 274 to page 279—in which it dealt with the provision of operating funds. The commission, in this chapter, emphasizes the importance of giving the C.B.C. some assurance of a continuing income

for this purpose and of giving it as much independence as possible subject to parliamentary control—we all accept that—and an assurance of a certain income over a period of years ahead. The royal commission put forward certain specific plans for that purpose. It also stated that this could be accomplished without any infringement of the right of parliamentary control. Perhaps I should emphasize that again. One way in which the royal commission said that parliamentary control could be insured was by having the corporation go to the house every year, whatever procedure might be in effect with respect of operating expenses, for its capital budget.

This particular bill, Mr. Speaker, as I said this morning and as the minister has admitted this afternoon, is exactly the reverse of that recommendation. The Fowler report says on page 271—this is the reason why they suggested the corporation should go to parliament every year for its capital budget—that there is a practical difficulty with regard to forecasting capital cost over a six-year period.

The report went on to say:

> These developments of physical plant and equipment of a publicly owned broadcasting enterprise ought to be considered by the government and parliament at regular and frequent intervals. These are the things that really determine the course of future activities. This is where the policy can be effectively determined rather than in the sporadic examination of programs or other operating details. This is the surest way, we believe, to carry out the intent that the broadcasting system should be directly subject to parliamentary control and supervision.

That particular recommendation of the committee was not accepted. But now the corporation must go to parliament every year for an appropriation for all its operating expenses. We continue to believe that the recommendation of the Fowler commission in regard to financing will be more effective, will not impair parliamentary control in any way but will be more efficient with respect to the future conduct of broadcasting in Canada. I do not think the minister should dismiss these differences between us in respect of this bill as a small matter. They seem to us to be almost fundamental—the fact that the C.B.C. is to go to parliament for all its income, except that which it derives from commercial sources, every year; the fact that the president and the vice president are to be appointed, not on the recommendation of the board but directly by the government; the fact that they would hold office at pleasure for seven years; and the fact that the board of the C.B.C. reports directly through a minister to the government and not through a regulatory board.

Surely I have said enough to indicate that there are important differences of opinion between us and those who drew up this bill. We continue, notwithstanding what the minister has said, to hold the view that this bill if it becomes law will not advance the cause of national broadcasting in this country, will not strengthen public control of national broadcasting and will not emphasize, as it should be emphasized, that broadcasting is a national service for national development. We believe, on the other hand, that this bill will leave broadcasting in Canada in a weaker position, from the public point of view—and that is of paramount importance—than it was before it was introduced.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, on behalf of my associates in this group I feel I should explain why we are going to vote with the government against the amendment brought in by the Liberal party. Perhaps the most important factor—and at first glance it appears to be a short range one—is that a six-month hoist coming at this time when we so badly need regulations will be far too damaging to a situation that is very nebulous. We in this group believe that this would open up just another six or eight months of propaganda and warfare especially on the part of the agencies we fear the most in their efforts to hamstring the national broadcasting setup, and I refer generally to the C.A.R.T.B. and the private broadcasters. It seems to me this would do nothing more than play into the hands of these people.

Our misgivings about the bill have by no means been completely allayed by the minister's statement. We would still very much like to have a statement on the bill and on the government's intention from the Prime Minister (Mr. Diefenbaker). That may go begging, but we would still very much like to have that statement.

Everything depends on the board of broadcast governors; but who has the choice of picking the board? There is almost an innocence in the reliance of the Minister of National Revenue (Mr. Nowlan) on the appointment of the board: wait until the board is selected; everything will depend on it; instructions cannot be given to the board; detailed policy cannot be threshed out because that would restrain the board. But who is going to appoint the board? I believe we all have a good idea who will be the key person appointing that board and he is now sitting in the front benches on the government side of the house. We would all like to hear some words from him as to the direction the board might go. What is the kind of person

he feels should be chosen for the board? That is one of many questions to which we would like to have an answer.

Clause 10 of the bill has been read into the record four or five times today and it does sound pretty good. It is rather difficult to quarrel with it. However, it is not as detailed or specific as the draft bill contained in the report of the Fowler commission. That is why so much is going to be left in an uncertain condition. If the bill goes through without any more detail I can anticipate that we are going to have a dandy guessing game for the next several months. Everyone will be speculating; it will all depend on whom the government appoints; whom does the Prime Minister have in mind; who has been visiting his office lately; thus the speculation will grow.

I wish the government would go a little further in stipulating the kind of things it wants the board of broadcast governors to do. I cannot believe that the government by its choice of personnel is not going to influence the direction of future policy of broadcasting in Canada. That is why we will continue to have our misgivings about this.

The minister indicated earlier that he was giving a complete assurance that a committee on broadcasting would be established at the next session of the house. I should like to put a question to the minister at this time. Will the minister give us his complete assurance now that at the next session of the house a committee will be established and have before it the three permanent members of the board of broadcast governors so an opportunity will be provided to question them as well as anyone else attached to radio including people in the C.B.C. in order to see what the status is early in 1959?

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

YEAS

Messrs:

Badanai
Batten
Bourget
Brassard (Lapointe)
Caron
Carter
Chevrier
Denis
Deschatelets
Dumas
Forgie
Gour
Houck
Leduc
Macnaughton
McIlraith
McWilliam
Mitchell
Pearson
Pickersgill
Ratelle
Richard (Ottawa East)
Roberge
Rouleau
Tucker—25.

NAYS

Messrs:

Allard
Anderson
Argue
Balcer
Barrington
Baskin
Belzile
Bigg
Bissonnette
Bourbonnais
Browne (St. John's West)
Brunsden
Cadieu
Campbell (Stormont)
Cardiff
Charlton
Chown
Coates
Comtois
Cooper
Courtemanche
Creaghan
Crouse
Deschambault
Diefenbaker
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fraser
Grafftey
Green
Grenier
Hales
Hamilton (Notre Dame de Grace)
Hanbidge
Harkness
Hees
Henderson
Herridge
Hodgson
Horner (Jasper-Edson)
Horner (The Battlefords)
Howard
Jones
Jung
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacRae
McBain
McCleave
McGrath
McGregor
McIntosh
McPhillips
Martin (Timmins)
Martineau
Martini
Milligan
Montgomery
More
Morissette
Morton
Muir (Cape Breton North and Victoria)
Nesbitt
Nielsen
Nowlan
Nugent
O'Hurley
Parizeau
Pascoe
Paul
Pearkes
Peters
Phillips
Pratt
Pugh
Rapp
Rea
Regier
Regnier
Ricard
Richard (Kamouraska)
Rogers
Simpson
Skoreyko
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stefanson
Stewart
Tasse
Thomas
Tremblay
Villeneuve
Walker
Webster
Winch
Winkler—122.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, when the minister introduced the resolution on which the bill is based a few days ago he was reported by the press as having said that the bill brought about only one major change. To some extent that is correct, but I think that most of us are concerned about the many other changes which will flow from this major change of setting up a separate regulatory body. Radio and broadcast policies have been well established by parliament down through the years and

they were summarized in the committee report of 1942-43. Perhaps it would be worth while to put on record in this debate the findings of that committee. In its report on Canadian broadcasting made during the session of 1942-43 the committee had this to say:

> Your committee would like to preface its recommendations by stating its confidence in the framework provided by the Canadian Broadcasting Act, 1936. In the reports as well as in debates in parliament, a number of principles governing national broadcasting in Canada were enunciated and emphasized. Your committee now desires to reaffirm these principles as stated in the reports of the committees for the years mentioned in brackets:
>
> (a) The paramount importance of a single national authority to control all broadcasting in the public interest; (1932).
>
> (b) The public ownership of all high powered stations under a national system of broadcasting, with low power stations individually operated or co-ordinated in relation to the dominant system; (1932).
>
> (c) The co-ordination of all broadcasting in Canada through exclusive control being vested in the nationally-owned system of:
>
> (i) The character of all programs, political or otherwise, broadcast by all stations and of the advertising content thereof; and
>
> (ii) All wireline networks used for carrying broadcast programs; (1936).
>
> (d) The independence and flexibility of administration of the national broadcasting authority to be assured by its constitution as a public corporation. Under this constitution decisions as to policy are to be made by its board of governors while administration is to be unified under a general manager, and an assistant general manager, responsible to the board for the conduct of all business of the corporation;—

Mr. Speaker: Order. I hope the hon. member does not propose to read the entire report. It seems to me that what we are dealing with now is a change in the law as it was at the time that report was made and it would be more appropriate to discuss the principles of the bill before us. If he wishes to apply some principles from that report to this bill, well and good, but just to read it seems to me to be making no contribution.

Mr. Carter: That is exactly what I am doing because this report actually summarizes the principles.

Mr. Speaker: I suggest that the hon. member do that instead of just reading the report.

Mr. Hodgson: Get on the right line.

Mr. Carter: Mr. Speaker, the summary of all these principles amounted to a partnership between the national system and the private system, each to be operated and managed in such a way as to complement each other in the public interest. The reason I put these principles on the record is to show that the present bill departs from principles which have been established all through the years and have been approved by every parliament and every committee since 1932. The bill destroys that concept of partnership completely because under the bill the private stations and networks will no longer be junior partners in a single system but will be competitors. They have been made competitors under the bill and both the Canadian Broadcasting Corporation, the public system, and the private system are now to be under the control of another body.

That brings up another question as to the exact status of the public system under the new set-up. In the past the C.B.C. has been completely responsible to its board of governors and that board of governors in turn has been responsible to parliament. Now we have a divided authority because the public system will be responsible to this supra-body that is being set up and also to parliament. I think that is a matter of concern because the public system can certainly no longer function with the freedom that it did before.

I should like to say here that we in Newfoundland are very fortunate with respect to our private stations. I think they are second to none in any part of Canada. I would say that they are a splendid example of the private system and the public system complementing each other. I should like to take a moment to pay tribute to the extent to which these private stations go in developing local talent. This is particularly true of station CJON, which has developed a glee club and put on local plays. This station carries many live programs, on both radio and television, which provide a fine opportunity for the development of our local talent. The C.B.C. has done its share, too, in this regard. We have had plays performed written by our own Ted Russell, one of our prominent Newfoundland playwrights, who is making quite a name for himself. A couple of Sundays ago we heard a program which was devoted to Newfoundland folklore. I hope I can get a copy of what Uncle Mose said on that occasion because I want to read it to the Minister of Transport (Mr. Hees) and the Postmaster General (Mr. Hamilton) so they will know what Uncle Mose had to say about the post office and the Canadian National Telegraphs in Newfoundland. I hope I can get that before the minister's estimates come before the house.

I believe this is a perfect example of the two systems complementing each other, but we are doing away with that under this bill. There will not be the same compulsion now to complement each other. Under the previous system the private stations had no rights of their own, and that was understandable because the airwaves are limited. They are part of the public domain and no

single person could have any vested right in them. Consequently they must be allocated year after year by the state. Under this bill, the private stations have acquired rights which they did not have before. They now find themselves on an equal footing with the public system. It does not take a great deal of imagination to see that this is not going to work out. I think a system of partnership is ideally suited to conditions in Canada, in our present stage of development. I believe that in 50 or 80 years time, whatever it is, when we have doubled our population and when we do not have as many sparsely populated localities as we have today, there will be a necessity for a change in our system. However, I cannot visualize any conditions under which a competitive system will be superior to a partnership.

On several occasions I have brought to the attention of this house the needs of my own riding and the fact that those needs are not being met by the Canadian Broadcasting Corporation today.

Mr. Speaker: I hope the hon. member does not intend to bring those needs to the attention of the house again, as he will be out of order.

Mr. Carter: No, I will have the opportunity to do that when the estimates are before the house. What I do want to point out is that the gap in the coverage which cannot be filled by the public system is being filled by the private system. If we alter this setup now the situation must develop, as our leader explained this afternoon, whereby a private station must of necessity become interested in profit because without profit it cannot operate. These stations, therefore, must be interested in those localities which have the densest population and the best market. I do not see how anybody could administer fairly on a basis that will, on the one hand, give the private station a market in which to make sufficient profit to make their operation worthwhile, and at the same time give the public system a chance to earn its way so that it will not be such a severe drain on our taxpayers.

I hope, Mr. Speaker, that even yet the government will take another look at this bill and not force it through the house at this time, but withdraw it and let everybody have an opportunity to see what is in it, formulate their ideas and then at the next session of parliament set up a committee so that all those ideas could be heard. This procedure, I am sure, would result in a much better bill than we have at the present time.

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

Mr. Pickersgill: No, Mr. Speaker. May I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I was not very happy about this bill when I spoke this afternoon on the amendment and appealed to the government to put off this legislation and to take a sober second look at it. I very much regret that the government did not see fit to adopt the motion which would have made that possible.

As the Leader of the Opposition (Mr. Pearson) has said, in the circumstances we on this side of the house have no alternative but to vote against the measure, and I must say that the minister's defence of the measure made me all the more convinced that this was the right and proper course to take.

The minister made a statement which I cannot allow to go unchallenged. The Leader of the Opposition referred to it, but said he would spare the house quotations from the Fowler report on this point. I am afraid that being less forbearing than the Leader of the Opposition I do not intend to do so. I am not going to quote at length what the Leader of the Opposition quoted earlier today, but I am going to read one or two short sentences which seem to me to demonstrate completely the fallacy of the statement made by the minister. Indeed, I would say that if the minister did not comprehend this part of the Fowler report any better than he seems to have done the others, then it is perhaps not surprising that the rest of the bill bears so little relation to what is recommended in that report.

The minister stated—and if I am not stating his position absolutely correctly I would be very happy to be interrupted and corrected—that this bill was doing precisely what the Fowler commission had recommended, namely setting up a separate regulatory body. The Fowler commission recommended nothing of the kind, and in fact it condemned in the most specific and categorical language the establishment of a separate regulatory board. I read the first sentences on page 134 of the report as follows:

> The real objection to the proposal for a "separate regulatory board" is a practical one. It is likely to prove unworkable and is certain to be cumbersome and inefficient.

In other words, the Fowler commission in the most categorical language, using the very

words used by the minister, recommended against and not for a separate regulatory board. Again, at the bottom of that page and at the top of page 135, appear these words:

> As a practical matter, we do not believe you can have two administrative bodies, appointed by the same government and with similar personnel involved in the regulation of broadcasting, without having duplication of expense and effort, undesirable friction between the two, and a loss of efficiency.

It seems to me that that disposes of the minister's claim in regard to what he, I think, described as the fundamental recommendation of the commission being followed by the government. The government has moved in a direction diametrically opposed to the recommendation of the commission, but this fact is at least camouflaged by the use of the language employed by the Fowler commission. The board which the government proposes to set up is described as a board of broadcast governors but it is quite clear that this board of broadcast governors is not going to have exclusive jurisdiction over broadcasting and that is, as I said earlier and as I repeat now, one of the fundamental objections, though perhaps not the most serious one, that we have to this bill.

I think the Leader of the Opposition was not just fearing something intangible when he talked about the dangers in this legislation with respect to our arriving at two different and perhaps competing and conflicting broadcasting systems in this country, and I call as a witness to the fact that this is not a purely theoretical danger the Minister of Finance (Mr. Fleming). The Minister of Finance when he sat on this side of the house was an expert on many things, but on no subject did he pontificate more frequently or with greater apparent authority than on the subject of broadcasting. I have before me *Hansard* for June 4, 1954 and at page 5521 the estimates of the then minister of national revenue were being discussed and the present Minister of Finance had this to say about the C.B.C.:

> But the fact of the matter is that as long as it is government policy to attempt to confine people to one source in this rapidly developing means of communication, television, the effects and influence of which on the minds and lives of people are simply incalculable, we are courting a danger to the very fundamentals of our whole conception of freedom.

Hon. members will note that the minister was talking about freedom, and he continues:

> I do urge upon the house that the house address itself to the imminent, pressing perils for Canadians of a policy of monopoly which this government has deliberately followed, has deliberately fostered and to which it still unrepentantly adheres. This policy must be put aside. The government must cease to impose monopoly upon the people. Encouragement should be given, with all the safeguards that are available under law, to permitting people to have alternative sources of communication in this important and rapidly expanding field. The time has come, Mr. Chairman, for a drastic change in our policy in relation to regulation in this field.

And I think that is, of course, what the Minister of Finance thinks he is getting now.

The Minister of National Revenue (Mr. Nowlan) made a good deal of the fact that, in the last year or two, when we were in office we had been obliged by reason of rising costs, particularly those of television broadcasting, and declining revenue from the excise tax, to make temporary and interim appropriations to the C.B.C. That is true; but those were, if my memory correctly serves me, the only appropriations of that character which were made. In all previous cases the financing of the C.B.C. was done on a basis which did not depend upon annual appropriations, and when these annual appropriations were brought in during the last year or two, the minister of finance of that day and the minister reporting to parliament for the C.B.C. were both very apologetic about having to do this kind of thing. It was primarily for that reason and not to settle the question of a separate regulatory body that Mr. Harris and the former prime minister were so anxious to have a royal commission set up so that this dangerous policy, which we indeed recognized as a dangerous policy—this policy of annual appropriations, which brought the C.B.C. in our opinion too directly under the control of government—could be done away with and something put in its place.

Every device suggested for that purpose was opposed by hon. gentlemen who are now sitting on the treasury benches. I have in my hand *Hansard* for 1952-53, volume V, and I note that on May 4, 1953, the present Minister of Finance was speaking on the bill to amend the Canadian Broadcasting Act, which was introduced by Mr. Abbott for the purpose of earmarking the excise taxes on radio and television for the use of the C.B.C.

Perhaps some of the newer members will not recall why that was done. It was done because those taxes were fixed at a definite rate; the government could not control the revenue from them, and the C.B.C. got all that was raised from them. It was a period when people were buying television sets in large numbers; a period, also, when great numbers of Canadians could not have television because they were too remote from the broadcasting stations. The government decided —and I think it was a very wise decision —that the people who were getting the benefit of television should, in the main,

pay for it. This was a very neat way of doing it and one which kept control of the C.B.C. out of the government, because this money went automatically to the C.B.C.

The present Minister of Finance took the most violent exception to this proposal, and here is a small part of what he had to say on that occasion. I would not think of inflicting on the house more than a small part of it.

We are expected, as a sovereign parliament, to trust the Canadian Broadcasting Corporation to the extent—

Mark those words—"to trust the Canadian Broadcasting Corporation", that is the attitude, that is the state of mind—of the Minister of Finance.

—to the extent that in the one case we make provision in their behalf for a five-year annual grant in advance totalling $31¼ million.

That is the Massey grant.

Now we are being asked to turn additional revenue over to them without any future control on the part of parliament over it. Why cannot the alternative and sound principle apply, namely that the Canadian Broadcasting Corporation trust parliament to make whatever provision is needed year by year in order to meet the known needs of the Canadian Broadcasting Corporation?

In other words, bring it under the thumb of the government. The hon. member for Eglinton continued:

That is the issue, Mr. Chairman, which is presented by this section and which can be overcome only by an amendment of the type that I have proposed.

Mr. Abbott, who had a great deal of commonsense and who had an extraordinary capacity for replying to pompous arguments with rather earthy statements, had this to say as recorded on page 4720:

As to this nonsense about having no opportunity to discuss the affairs of the C.B.C.—

I must say that this is very like the language used by the Minister of National Revenue (Mr. Nowlan) this afternoon—

As to this nonsense about having no opportunity to discuss the affairs of the C.B.C., may I say I have been in the house for 13 years, and with the possible exception of wheat—

I draw that to the attention of the hon. member for Assiniboia (Mr. Argue).

—I do not believe any other subject has received such a thorough airing in the house as the affairs of the C.B.C. To use a slang phrase it is pure eyewash to say the House of Commons has not the fullest opportunity to dig into what the C.B.C. is doing and to find out how much money it is spending and to find out how it is spending that money.

We all know that that is perfectly true. We know it is quite unnecessary to have annual appropriations in order to make that true, because there were never any annual appropriations up to the time Mr. Abbott was speaking in 1953. In fact, it has been more true at that time than it has been since the present administration came to office, because although they have made appropriations, up to now they have made those appropriations only by governor general's warrant. Thus there has not been, in the year and two months during which this administration has been in office, much opportunity to consider the finances of the C.B.C.

But there is no doubt that we have the opportunity, and there is no doubt whatsoever that if a scheme of appropriations over a period of years, with minima and maxima set as suggested in various ways by the Fowler commission, for the operating expenses of the C.B.C. there would have to be a bill or a provision in a bill to enable that to be done, and there would be an opportunity at that time of considering it. There would be an annual debate to consider it and, as the Fowler commission very properly suggested, for the capital expenditures, which would be relatively big items about which there might be differences in parliament, there would be annual appropriations and, as the minister very wisely said, if these capital items came before parliament surely some of us would have ingenuity enough to figure out ways for relating arguments on current operations to capital outlays of that sort. If any hon. members should want help as to how to do that I would be willing to offer them a little free advice at any time.

I come back again to this question of financial control. No one on this side of the house is objecting at all to financial control by parliament of the C.B.C. What we are objecting to is financial control by the government of the C.B.C., and that distinction does not yet seem to have penetrated the minds of the occupants of the treasury benches. I will tell the house one reason for our attitude in this regard. The Minister of Finance had something else to say when he was on this side of the house as recently as 1955. I did not get very far in my researches or, no doubt, I would have found a great many more illustrations. But in that year he was talking about the estimates of the Minister of National Revenue. I am only going to quote a little of what he said, but it is very revealing. We all know how flexible the minister is, and how apt to change his mind, but these are his words:

I simply conclude with this. This system, by reason of its developed weaknesses, its inherent unsoundness, its suppression of freedom, its suppression of competition in favour of monopoly and the colossal cost to the Canadian taxpayer, as my colleague, the hon. member for Perth will show, has brought us to the point now in Canada that in this house we are requesting a fundamental revision in policy in relation to radio and television broadcasting.

So much for the Minister of Finance. I think that before this parliament agrees to make this fundamental change in broadcasting in Canada, a change which affects so intimately the lives of at least 80 per cent of the population of this country, the Minister of Finance, who after all is going to have more control over broadcasting under this set-up than anyone else except the Prime Minister, should come into the house and tell us what his views are and what his feelings are about this matter. It seems to me those quotations I have read give us strong grounds for feeling that to put this corporation and to put the whole broadcasting system of this country at the mercy of the Minister of Finance is not the kind of thing which the Fowler commission had in mind, or the kind of thing which the majority of the people of Canada want.

I said something a moment or two ago about the difference between financial control by parliament and financial control by government. The minister talked almost as though we on this side wanted to prevent debate in this house concerning the C.B.C. We certainly do not. I do not think there is anything healthier than debate about the C.B.C. and I do not see any reason why we should not criticize the C.B.C. in this house if we feel inclined to do so, openly and frankly. What we do not want, and what no person who cares about having a free country wants is to have the ministers in their closets able to control this great agency for the dissemination of objective information. That is what we do not want. It is our duty as a parliament and it is the duty of hon. members in this house not in the government but sitting supporting the government to see that that ideal is upheld.

I appeal at this time, as I used to listen so often to appeals made from this side of the house when I sat on the other side, to the private members in this house to get up and say what they feel about this. Do they feel they want this broadcasting system, the operating part of it, brought under the direct control of the minister administered by two executives who can be fired without notice by the governor in council at any time he pleases? Is that their idea of having an independent broadcasting system in this country?

An hon. Member: Yes.

Mr. Pickersgill: It is not mine and I do not believe it is the conception of any person who has any real understanding of freedom, and that, it seems to me, is the fundamental issue here.

So long as we have these annual appropriations, so long as we have these clauses in this legislation enabling the government to dispense with the executives of this corporation during pleasure, I do not care how pure the government is, human beings being what they are there will be a suspicion. We should not have legislation of that sort. We should remove that suspicion and bring this bill above reproach so these things could not happen.

What is at stake, in my opinion, is one of our essential freedoms. I am not going to transgress the rules of the house but we have been told that before this session ends we are to be asked to consider legislation to guarantee our freedoms. Here is a piece of legislation dealing with one of the fundamental and one of the most important freedoms of all. What do we find? At the present time we have legislation which ensures independence from the government and we are asked to scrap that legislation and substitute for it a measure that will bring the Canadian Broadcasting Corporation under the direct and immediate control of the government in two most objectionable ways. I say that this legislation should not pass and that no one who really cares about freedom should vote for this legislation.

I must say I am not too surprised that this legislation has been introduced. I am a little disappointed that the Minister of National Revenue has been taken in by his colleagues as I believe he has, but I am not too surprised at this legislation.

Mr. Nowlan: It is the reverse.

Mr. Pickersgill: Oh no. The minister did rather a good job of attempting to give us the impression that he had put one over on his colleagues, but after we see how closely the bill corresponds with the prognostications of the Minister of Finance it becomes obvious to us who the real author of this bill is, and it is not the Minister of National Revenue.

I have not often been guilty of quoting myself in this house and as a general practice I do not think it is a very laudable one but it did so happen that on October 19 of last year I made a speech in Winnipeg which I am sure no hon. member heard and in it I had something to say about the subject which is now under consideration. I am not going to apologize for repeating now what I said then because I believe it is completely relevant to this measure before the house. What I said on that occasion was that it was a matter of pride to me that after 22 years of Liberal rule one could travel the face of the globe without finding any other country in which the individual has greater freedom than he enjoys in Canada. I went on to say that this Liberal achievement of freedom for the ordinary citizen—

and it has been a Liberal achievement—is now taken so much for granted in Canada that we have other parties claiming that they are really more liberal than the Liberal party, and we had a demonstration of that, of course, in some of the observations made by the Minister of National Revenue with respect to this bill.

Mr. Speaker: Does the hon. member intend to relate this particular speech to the bill before us?

Mr. Pickersgill: Oh yes, Mr. Speaker. As you will see, sir, it is very directly related to it. I will spare you the reading of a paragraph that is not related to it although, since it refers to the Prime Minister (Mr. Diefenbaker), I am sure that most hon. members on the other side of the house would be very pleased to hear it.

An hon. Member: Oh no.

Mr. Pickersgill: What I said was that in some of his campaign speeches the Prime Minister deliberately played down the name of his own party and played up his so-called liberalism, and we of the Liberal party can only take that as a compliment. And then I went on to say that the proof of that pudding would be in the eating. I suggested that we Liberals—and I did not mean just the Liberals but all Canadians—had better keep our eyes on what the Prime Minister does without being distracted too much by what he says, and I believe that is very good advice for every one in this country.

An hon. Member: What about March 31?

Mr. Pickersgill: To show you that I am not taking too long to come to the subject, I said one of the first places we Liberals had better watch for attacks on freedom was in the field of radio broadcasting. I was censured for making that statement. The Ottawa *Journal* picked up a report of this address and said there was nothing to this suggestion, that it could never happen; but it is happening right now. I went on to point out that so great has been the freedom of speech and the freedom to criticize in this country that in recent years our national broadcasting system has given more time and more scope to critics of the government than to defenders of the government.

Mr. Hamilton (Notre Dame de Grace): There were a lot more of them.

Mr. Pickersgill: I said that we as a government never tried to change that and I indicated that I made no complaint about that then. But, I said, we Liberals must be vigilant to see that the same freedom to broadcast is maintained under the Tories as prevailed under a Liberal government and today we see that it is not being done.

I might say, sir, that the next paragraph refers to freedom of trade and gives the same warning. Considering the legislation that is to be called after this bill it will be seen I was not very wide of the mark last October.

There is one respect in which I quite agree with the Minister of National Revenue and with the hon. member for Port Arthur (Mr. Fisher). I thought at the resolution stage, as did my leader, that we ought to have this legislation go to a special committee. I thought we ought to call witnesses and give them an opportunity to present their points of view. But, sir, I did not expect this kind of bill. I expected a bill roughly in accord with the recommendations of the Fowler commission. I expected we would have something in the package to resemble the advertisement on the cover but we have something that is entirely and completely different, even in the one respect which the minister called fundamental and with respect to which he said the government had followed the recommendation of the Fowler commission report but which I have shown to be the exact opposite. It seems to me this bill is so far beyond redemption that it would certainly not be practical in the time that any special committee could meet in this session to call the witnesses that would be necessary.

I suppose, in the circumstances, if we cannot persuade the government even at this late stage to stop this folly, to arrest this measure where it is now, to go on to the next item of business and to come back to this next year—this fundamental change, as the Leader of the Opposition (Mr. Pearson) has said, in one of the most important measures for the national development of this country—we can be outvoted. We know that and we expect we will be. We will do our best in committee to have a few ameliorations to this bill but ameliorations will not make it satisfactory. It is fundamentally wrong in the three respects pointed out by the Leader of the Opposition. It is fundamentally wrong because it has two boards instead of one and thereby threatens to establish two systems instead of one. It is also fundamentally wrong because it brings the corporation directly under the control of a member of the government instead of under the board which always in the past insulated the operating side of radio from direct intervention by the government. In the third place it is wrong because of the financial structure that is suggested.

It seems to me that with legislation of this kind—if the majority insist on putting

it through—the only thing to do is to take the issue to the eventual arbiters, and I predict that the day will come when this wrong turning will be regretted on the other side of the house as well as on this side, and we shall all want to go back to a system where there is genuine independence and genuine freedom and the guarantee of it in broadcasting.

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

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I think in deference to the hon. member for Bonavista-Twillingate (Mr. Pickersgill) who has just given an exhibition of histrionics that we would expect from him on this occasion, I at least should pay him the compliment of replying very briefly.

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Nowlan: The trouble with the former minister, the spokesman of the Liberal party, is that he certainly is disappointed. He is disappointed because, as he pointed out in Winnipeg, this was one of those foreboding experiences. He has been foreboding so long that he is just foreboden now and he is ready to explode. He expected a bad bill—

An hon. Member: And got it.

Mr. Nowlan: —and the bill is so good that he just cannot control himself; that is the whole thing. You know, the children of Israel we are told in the Bible many years ago that when they were in captivity in Egypt they had to make bricks without straw. Well, my hon. friend over there has been trying to make bricks without straw in connection with this bill and did not as well as is told us in the Bible.

Of course, anybody can quote from the Fowler commission report. You could probably take any sentence out of context, but he attempted at the beginning to say that this board of governors was something which was not recommended or contemplated by the Fowler commission. I read this excerpt from the report the other day but in view of the histrionic display just put on I think I should read it again. I am reading now from page 91 of the Fowler commission report:

> The other public agency in the Canadian broadcasting field should be a board created and authorized to act for parliament, and responsible to parliament, for the direction and supervision of the Canadian broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the corporation.

[Mr. Pickersgill.]

That is the statute under which we have been operating up to the present.

> This board is not part of the C.B.C. and should not be referred to "as the board of governors of C.B.C.". We suggest that a new board, differently named, should be created by statute. The name we use in speaking of this agency is "the board of broadcast governors".

That contemplation, that vision, if you call it that, a term bandied around here a great deal lately, that recommendation of the Fowler commission has been accepted entirely by this government except for the fact that we have full-term personnel, three out of 15, instead of voluntary ones. I doubt whether there are any hon. members in this house who were prepared to go down the line of that phase of the Fowler commission report.

Reference was made by the Leader of the Opposition (Mr. Pearson), or by someone else, to an article in the *Journal* by I. Norman Smith. No one would ever suggest that he was a critic of the C.B.C. or opposed to it. Mr. Norman Smith said that you could not accept that recommendation of the Fowler commission in so far as part-time officials were concerned. It is a great prospect. I do not think it would work. We put full-time men in there, three out of 15; we have 12 part-time men.

The absolute bankruptcy of any criticism of this bill on the part of the hon. member for Bonavista-Twillingate is illustrated by what he did. He did not discuss the bill; he tried to try the Minister of Finance (Mr. Fleming) on statements he made three or four years ago; he tried to put the Minister of Finance on trial. If that is the only criticism he could level against this bill, then it is a better bill than the other government brought in when they were sitting on the treasury benches. This bill is commended by both the radio league and officials of private broadcasting as well. It does not please everyone in every detail; it does not please me in every detail. No bill will ever please everyone; but it is a direct and honest effort made by this government to try to solve this problem which has been hanging over broadcasting for 15 years. It is not perfect; there will be mistakes in it. Undoubtedly, defects will be found, as I said the other night.

The hon. member for Bonavista-Twillingate, I think earlier in the day, referred to the history of the 1932 bill, or was it the Leader of the Opposition? He said that a royal commission had made studies and had held 45 meetings, and so on. I happened to be speaking to the gentleman who happened to be the vice-chairman of the board after it was appointed and he said that at their first

meeting, despite all that time—and time should be spent; time is always desirable—they found two sections of the act which were absolutely unworkable, and they had to improvise something in their place.

This afternoon the hon. member for Bonavista-Twillingate referred to something he had said when he read the bill. I did not catch exactly what he said, but he said it reminded him of the Austria-Hungary empire; in other words, two parts, I presume, which could hardly function together, but that empire functioned for more or less a century. I would also remind him of the very distinguished member of the ancient Liberal party, one Goldwyn Smith, who said at one time that the federation of Canada was like a walnut; that it could not work, could not function. But Canada has functioned; Canada has worked; Canada is a nation. Anyone looking at the British commonwealth or at our system of government would say that it would not work. They would say that it was impossible, but it has worked. We know it has worked and we are proud of it. It is the same with this bill, Mr. Speaker.

Mr. Pearson: Impossible, but it will work.

Mr. Nowlan: It will develop. Undoubtedly there will be faults in it. I am not suggesting for one moment that it is perfect legislation, or anything of that kind; but I do resent any suggestion that it is bringing the C.B.C. under government control or that it is attempting to make a political football out of the C.B.C., or anything of that kind.

We had a great deal of talk about those two men who are to be appointed at pleasure, but there is also a seven-year term, which is a fairly good indication that barring something absolutely inefficient, the seven years apply.

We have heard a great deal of talk about the absolute independence of this board of the C.B.C. I happened to look at the old act and I found that the general chairman of the board of governors of the C.B.C. was appointed for good behaviour, but it also says he shall be paid such annual salary as this nefarious creature, the governor in council, shall determine. He was appointed for a period of years. In other words, under the system of which we have heard so much boasting this afternoon the chairman of the board of governors of the C.B.C. was appointed at an annual salary that could be cut to $1 if the governor in council saw fit so to do. And yet they say we are trying to exercise some control. I am not suggesting that they did but I have heard it suggested. Certainly, no valid suggestion can be made against this government that it is attempting to exercise political control because of the fact that two men happened to be appointed for a period of years; but if there is inefficiency, then they can be removed. That is, I think, a sound business principle which should apply to any organization and I am quite sure that the Canadian Broadcasting Corporation is prepared and expects to measure up to that and if they fail then they would expect to be dismissed.

I have just one more reference and I am through. The Minister of Finance was put on trial by the hon. member for Bonavista-Twillingate. I want to tell him through you, Mr. Speaker, that this year this Minister of Finance has provided more money for the Canadian Broadcasting Corporation than any of his predecessors who are now sitting on the other side of the house provided when they were over here. That is the answer in so far as the Minister of Finance is concerned. He has provided millions of dollars more this year than have ever been provided before.

As I said, they are disappointed because they expected something would be done to impair the C.B.C. seriously but instead they find that steps have been taken to strengthen and develop it. This afternoon and this evening we have had an exhibition of partisan histrionics not worthy of this bill at this time. I say again that it is a good bill, a bill far from perfect but which will be improved as time goes on, a bill which given good personnel—and it is the determination of the government to appoint good personnel—will result in the Canadian Broadcasting Corporation and the private broadcasters going along together. This great public agency, whose worth and the need and necessity for whose independence I appreciate just as much as any man sitting on the other side of the house or any man in Canada, will be preserved and maintained. Members who take part in the passing of the bill now should feel that they have contributed materially towards the development of broadcasting in Canada.

The house divided on the motion (Mr. Nowlan) which was agreed to on the following division:

YEAS

Messrs:

Allard	Campbell (Lambton-Kent)
Argue	Cardiff
Balcer	Charlton
Barrington	Chown
Belzile	Churchill
Bissonnette	Coates
Bourbonnais	Comtois
Bourdages	Cooper
Browne (St. John's West)	Courtemanche
Browne (Vancouver-Kingsway)	Creaghan
Brunsden	Crouse
Cadieu	Deschambault

Dorion
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fraser
Frechette
Grafftey
Green
Grenier
Hales
Hamilton (Notre Dame de Grace)
Hanbidge
Harkness
Hees
Henderson
Herridge
Horner (Jasper-Edson)
Howard
Jones
Jung
Kucherepa
Lahaye
Latour
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
McBain
McGrath
McPhillips
Martin (Timmins)
Martineau
Martini
Montgomery
More
Morissette
Morton
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Nielsen
Nowlan
Nugent
O'Hurley
Parizeau
Pascoe
Paul
Pearkes
Phillips
Pratt
Pugh
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Simpson
Skoreyko
Smith (Calgary South)
Smith (Hastings-Frontenac)
Smith (Simcoe North)
Southam
Speakman
Spencer
Starr
Stefanson
Stewart
Tasse
Thomas
Thompson
Tremblay
Valade
Walker
Webster—109.

NAYS

Messrs:

Badanai
Batten
Boivin
Bourget
Brassard (Lapointe)
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Forgie
Gour
Habel
Hardie
Houck
Leduc
Macnaughton
McIlraith
McWilliam
Mitchell
Pearson
Pickersgill
Ratelle
Richard (Ottawa East)
Roberge
Rouleau
Tucker—30.

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

On clause 1—*Short title.*

Mr. McIlraith: Mr. Chairman, this is a very small matter but I notice the minister has dropped the word "Canadian" out of the name of the act. What is the significance of that?

[Mr. Nowlan.]

Mr. Nowlan: There is no significance. The other act, of course, dealt with the Canadian Broadcasting Corporation, and this is dealing with broadcasting in general. Therefore, the name was changed so that the act may be cited as the Broadcasting Act. There is no significance to the change.

Mr. McIlraith: The other act deals with the Canadian Broadcasting Corporation, as does this one, and it seems to me a much better way of doing it would be to call this act the Canadian Broadcasting Act, 1958, so that there would be some way of distinguishing the two acts.

Mr. Nowlan: Of course, Mr. Chairman, there is also the fact that the same policies continue and that the Radio Act is also maintained, and there are some questions of conflict between the various statutes. That was the reason why it was thought by the draftsmen, in which view I certainly concur, that there should be a differentiation.

Mr. Crestohl: I would like to ask the minister what prejudice he can possibly see, since we are dealing with broadcasting in Canada, against the title being the Canadian Broadcasting Act? Is there any such prejudice and, if there is none, would not the title Canadian Broadcasting Act abundantly cover the fact that it deals with broadcasting in Canada?

Mr. Badanai: When I rose to speak on this subject this afternoon I wanted to speak about certain television programs, and I very much regret that I was prevented—

The Deputy Chairman: I must remind the hon. member once more than he cannot go into programs.

Mr. McIlraith: With what are we dealing?

Mr. Badanai: Would the Chairman advise me when I may speak on programs, because I think this is very important?

The Deputy Chairman: The hon. member may discuss the mechanics of the programs but not the individual programs.

Mr. Chevrier: On the point of order. Does the chair not think that since we are discussing an act dealing with a board of broadcast governors we are therefore authorized to discuss matters under the jurisdiction of those governors and that programs would come under clause 1? It seems to me that this is the place where programs could be discussed, otherwise the hon. member is ruled out from discussing a matter which is of extreme importance to him and to the house.

The Deputy Chairman: I would remind the hon. member that he may just discuss the mechanics of the programs. I do not see how

we could go into a discussion of individual programs. This covers the over-all field of programming, and the mechanics that go with it.

Mr. Crestohl: On the point of order. The hon. member attempted to discuss this subject on second reading of the bill, Mr. Chairman; you then told him he could not do so, and he is now attempting to discuss the matter on the first clause of the bill, but you have again ruled that he cannot do so. Would you please point out under what clause he will be able to discuss the subject in the way he wishes to?

An hon. Member: At the resolution stage.

The Deputy Chairman: I do not think the chair should be put in the position of having to say when hon. members may discuss things. There are discussions which come up, of course, as all hon. members know, and I can only refer the house to Standing Order 59 (2), which I am sure all members know pretty well by heart:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

We are discussing a bill entitled the Broadcasting Act, which does not go into individual programs. It goes into the mechanics, I grant that, but does not go into the individual programs, and that is the point I am making.

Mr. Crestohl: May I draw your attention, Mr. Chairman, to section 11 (b)? Would you be kind enough to look at that?

An hon. Member: We are not on that.

Mr. Crestohl: While I am not asking you to prejudge the situation—

Some hon. Members: Order.

Mr. Crestohl: On the point of order, Mr. Chairman. I see only one chairman in this house.

Some hon. Members: Hear, hear.

Mr. Crestohl: While I am not asking you to prejudge the matter, I would like to know whether you think under section 11 (b) the hon. member will be able to discuss the subject of programming itself?

Mr. Badanai: I am quite willing to accept your decision, Mr. Chairman, and I will speak on item 11 (b) when I come to it.

Mr. Pickersgill: I wonder if I might make an observation on this point?

Some hon. Members: Oh, oh.

Mr. Pickersgill: I would invoke what used to be called behind the curtain the "Howard Green rule." For years when the leader of the house sat on this side of the house he argued, generally very successfully, with Your Honour's predecessors that anything remotely connected with a bill could be discussed under clause 1. While I have not had the opportunity to look up the numerous quotations, I think you could look at almost any committee stage on any bill in which the hon. member was interested—and as he was a tenacious fellow there were lots of them—and it will be found that he maintained his position. I am sure he will support the hon. member for Fort William in relating his remarks to this clause.

Mr. Green: I always had a much better case to argue.

The Deputy Chairman: I think all hon. members will realize that the last thing the chair wants to do is to stop anything from being said on a subject about which hon. members may speak, but we could not get into a discussion of all the individual programs right down the line. The hon. member can talk on the mechanics of programming or on the standards of broadcasting, but cannot go into the individual programs. He can talk about standards, I grant that, but those are just regulations, that is all.

Mr. Crestohl: How about the standards of the programs?

The Deputy Chairman: That is under regulations.

Mr. Badanai: It is quite evident that I will be prevented from reading the editorial which is based on the program I wished to discuss, and which is of the utmost importance to my constituents. Am I to be prevented—

Mr. Crestohl: No, go on.

An hon. Member: Are you the Chairman?

Mr. Badanai: I would like to ask the minister to tell the house who is responsible for some of the atrocious productions—

Some hon. Members: Order.

Mr. Badanai: —such as the one which appeared on Saturday, August 16, and which inspired the editor of the Fort William *Times Journal* to write an editorial which I sincerely trust you will allow me to read:

> Last week the world president of Rotary visited Fort William. He is an American from Milwaukee, an idealist who heads an international organization devoted to the cause of building goodwill between peoples of all nations. Warmly received here, the distinguished gentleman radiated friendship.
>
> At the same time he was being welcomed in the city, labourers in the vineyard of the Canadian Broadcasting Corporation at Toronto were putting the finishing touches on a production which was waved into the living rooms of Canadians from coast to coast on Saturday evening.
>
> In the name of comedy—

Some hon. Members: Order.

Mr. Badanai: I continue:

—Duffy and his supporting actors staged a scene in which a cigar-smoking "smart" American from Milwaukee browbeats an innocent Canadian. The latter comes out of a supermarket, arms loaded with parcels, to discover that the Milwaukee man has crashed into his parked car. The American, abetted by a brassy wife, is shown—

Some hon. Members: Order.

The Deputy Chairman: I would like to know how the hon. member intends to relate this to the bill. He is talking about the context of programs and I do not think I can allow him to continue along these lines.

Mr. Badanai: I thank the Chairman and I shall abide by his ruling. In any event, the editorial says that the standard of some programs, though not all of them, is very low indeed. Surely the responsible minister should take effective measures without delay to ensure that such objectionable programs are not forced on the people of the country who are paying the bills, because such presentations should not be tolerated.

If this, even though it may be rare, is a sample of what the C.B.C. is going to approve in the name of art and entertainment, then I say that the advent of television, instead of being a blessing to humanity has turned out to be a monster. If we are to tame this monster for the benefit of Canadians then it appears reasonable to suggest that we should give serious and deep study to the programming of this powerful medium of communication, entertainment and education.

With respect to present radio and television programs serving my constituency, I find that they are adequate and meet the needs of our people. As far as I am concerned, I am quite satisfied with the one channel available at the lakehead, and with its management who are always ready and willing to co-operate with organizations in the promotion of worthy causes which are beneficial to the people of the lakehead district. However, we are concerned about certain types of programs, and I think it is the duty and responsibility of the minister who is answerable for this corporation to see that a certain standard is maintained.

That is the point I wanted to bring to the attention of the committee and I wish to thank you, Mr. Chairman, for having been given the opportunity to make it.

Mr. Benidickson: I refrained from speaking on second reading for a very deliberate reason. In some of the remote areas of Canada we are particularly interested in the future of television. I felt that the minister would at this stage have some of his advisers before him, as is customary; I do not expect that the minister, with his study of the broad questions which are involved will be able to answer in a specific way questions about Kenora-Rainy River.

However, this is a typical section of Canada which is very concerned about television. The Prime Minister spoke in Kenora during the election campaign and I think he used Kenora as a platform for an address which received national attention. At that time he indicated his interest in new stations in areas not now served by television but which yet had populations that deserved attention. I wonder whether the minister, in the absence of his officials, could indicate to this committee and to myself whether or not there is a program intended for Kenora-Rainy River in the near future with respect to television, largely on the satellite basis and largely on the basis of the report of the royal commission with which I think he is well acquainted, the page reference being 221 of the report?

Mr. Nowlan: Mr. Chairman, I certainly do not want this to be taken as a precedent, because I am not prepared to answer too many specific questions, but I happen to know something of this case because I was interested in the satellite expansion program, and I can tell the hon. member that this is included in the C.B.C. budget for this year. I am not sure whether the work will be completed during the year or not, but at least the hon. member has the satisfaction of knowing that the Kenora-Rainy River area is one in which there is to be immediate construction of a satellite television station.

Mr. Chevrier: I should like to follow up the point made by the hon. member for Ottawa West. I am not quite satisfied with the explanation which the minister has given concerning the dropping of the word "Canadian" before "Broadcasting Corporation" and I want to appeal to him to give this matter consideration. I am almost inclined to think it has been forgotten in the act. After all, if one looks at the old act, the act of 1936, one sees that it is entitled "The Canadian Broadcasting Act" and there are, in the pages that contain the act, a large number of references to the Canadian Broadcasting Corporation as well as to the act, using the word "Canadian". I am almost tempted to move an amendment to clause 1, but I do not want to divide the committee; I do not want at this time to delay the proceedings and the discussion of this bill. I simply put it to the minister in this way: will he not give consderation to implementing the suggestion made by my hon. friend from Ottawa West by inserting the word "Canadian" before the words "Broadcasting Act" and

adding the year, 1958, so that the citation would read: "This act may be cited as the Canadian Broadcasting Act, 1958"?

It seems to me that this would not affect the terms of the act at all but on the contrary it would simply carry on the name which this corporation has had for many, many years.

Mr. Nowlan: I must say that the suggestion is one which, naturally, would appeal to anyone, the inclusion of the word "Canadian". Of course, all acts are Canadian. The reason for its omission is the fact that we have now two corporations under this statute. The Canadian Broadcasting Corporation is carried on as heretofore; in other words, there is no change in that. The name is the Canadian Broadcasting Corporation. But there is also a board of broadcast governors, and this bill deals with both. There was one thing which I was anxious to show, and it is something which the committee will, I am sure, appreciate. I wanted to show that this board of broadcast governors was independent, and not merely a part of the Canadian Broadcasting Corporation. Therefore we kept the name "Canadian Broadcasting Corporation" but we did omit the word "Canadian" from the title, and it was done for that reason. This is an act respecting broadcasting. Had we done otherwise we might have had the same confusion as there has been in the past and we want to avoid that.

I am certainly prepared to give this point consideration and it may be, after this thing has developed, and after the practice has grown up, that we can have the word reincorporated, but I do think that at the moment, because of the separation of the two boards, it would be unfortunate if we called this a Canadian broadcasting act; it would simply be assumed that it dealt with the Canadian Broadcasting Corporation.

Mr. Pearson: On this point, the minister will not have forgotten that the Fowler royal commission, in appendix 11 of its report, did draft an act respecting broadcasting and that this act was based on the recommendations of the report. Those recommendations dealt not only with the C.B.C. but with the proposed board of broadcast governors, and in this draft the Fowler commission chose as title for the bill "The Canadian Broadcasting Act, 1957".

Mr. McIlraith: Mr. Chairman, just one comment arising out of the minister's remarks. As I understood him he said this is what the Fowler commission recommended.

Mr. Nowlan: No, Mr. Chairman, if I stated that I certainly did not intend to do so. I believe I said the Fowler commission recommended that the board be separate from the C.B.C.

Mr. McIlraith: Yes. I just wanted to draw to the minister's attention the quotation he used in his closing remarks on second reading as found at page 91 of the Fowler commission report. That was preceded by a sentence and I think I should read it while we are dealing with this point:

> The existing Canadian Broadcasting Corporation, with minor changes in its statutory powers and organization, can be this agency.

And then he went on with other remarks.

Mr. Herridge: Mr. Chairman, I simply rise to obtain an explanation as to the proper procedure in discussing this bill. I have several matters to bring to the attention of the minister concerning relay stations, television, licensing and other matters. I have endless questions waiting for him. I understood we were discussing the principle of this bill and the matters within the compass of this bill. If we are going to have a general discussion on matters such as I mentioned and as commenced by the hon. member for Fort William, we will all have a go at it. But I am restraining myself with great difficulty in the hope I will have an opportunity of bringing these matters before the minister when his estimates come up.

Mr. Nowlan: That is what I would prefer because when my estimates come up I will have the officials of the corporation here and it will then be easier to deal with questions concerning such things as the licensing of relay stations. If we get through this bill I hope my estimates will be up by Wednesday or Thursday of this week and I shall gladly deal with those questions at that time.

The Deputy Chairman: Hon. members will realize that when the estimates are before us they will have an opportunity to bring up these matters and receive an explanation from the minister. That would be the proper occasion on which to raise such questions.

Clause agreed to.

On clause 2—*Definitions.*

Mr. Pearson: Mr. Chairman, would the minister inform me about a point in connection with this clause. I am not a lawyer and I trust he will appreciate my difficulty in this respect. The word "licensee" is defined to mean a person licensed under the Radio Act to establish a broadcasting station. Under the terms of this act would the definition of "licensee" include the Canadian Broadcasting Corporation?

Mr. Nowlan: Yes. Speaking offhand, Mr. Chairman, I would say so. I would think the C.B.C. has had to receive a licence from the board of governors. I am not sure what the practice was in the early days when stations were licensed but I presume the corporation would be a licensee according to the terms of the act and that the licence was granted, as it still is, under the Radio Act.

Mr. Chevrier: Mr. Chairman, dealing with the part of the bill having to do with the jurisdiction of the Minister of Transport, there is a clause covering it but I see nothing in the definition to indicate that the minister with reference to the rest of the act is the Minister of National Revenue. Is it the intention of the government that television and broadcasting, save and except that part having to do with radio, will be under the jurisdiction of the Minister of National Revenue?

Mr. Nowlan: There was no decision made with respect to that whatsoever, Mr. Chairman. The Radio Act has not been amended, as the hon. member will notice. The draftsmen felt if they started to amend the Radio Act there might be many consequential amendments and so the Radio Act has been left intact. It may be that as time goes on and perhaps at some future session amendments will be made to the Radio Act. Under the Radio Act, as the hon. member for Laurier well knows, it is the Minister of Transport who recommends an applicant for a licence and that is why the Minister of Transport is specifically named in so far as the granting of a licence is concerned, because there has been no amendment to that act. There may be at the next session, I am not too sure about that. The minister in charge of part I of the bill, that is the board of broadcast governors, and the minister responsible for the C.B.C., are ministers designated by the governor in council.

Mr. Chevrier: Is it so indicated in the bill?

Mr. Nowlan: Yes, it is set out specifically in each clause. You will find a clause to that effect in each part of the bill.

Mr. McIlraith: Does the C.B.C. now require a licence for each station it opens?

Mr. Nowlan: Frankly, Mr. Chairman, I cannot answer that question. I will have to obtain the information. I assume it does. It will have to get a licence for new stations under the board of broadcast governors.

Mr. Fisher: Mr. Chairman, I wonder why it was necessary to repeat in clause 21 some of the interpretations found in clause 2? Why is there not just one interpretation clause incorporating all definitions?

[Mr. Pearson.]

Mr. Nowlan: As hon. members know, Mr. Chairman, lawyers are a very cautious race of people and particularly those who have spent many years in drafting legislation. As a matter of fact, there are two distinct parts to the bill. If one wanted to do so he could cut the bill in two and have two separate acts. The draftsmen thought it was better to have absolute repetition of the definitions in both parts of the bill and that is how it was drafted.

Clause agreed to.

On clause 3—*Board established.*

Mr. Crestohl: Mr. Chairman, would the minister be good enough to explain the reasons behind the fact that the permanent members will be appointed for seven years and the other members will be appointed for lesser periods without the precise term being stipulated? Although five years is mentioned, further on in this clause it is indicated that the appointment may be for a term of less than five years.

Mr. Nowlan: The purpose of having the term of less than five years is to provide for the original, initial appointments so that you could stagger them and not have all the members retiring at the same time. A member could be appointed for two, three, four or five years. You will notice there is a provision that a member may be appointed for an additional term. It would then enable them to be appointed for a full term. This provides a continuity of officers. If all members had to be appointed for a period of five years you would have them all retiring on the one date. As the hon. member will appreciate the practice has grown up of staggering or rotating appointments and retirements.

As to the term of seven years, I suppose you could put your hand in a hat and draw out some other number. We wanted something to go on. We felt it should be more than five years. Men in the prime of life, or in middle life, coming here and giving up their occupations whatever they might be and accepting a position in Ottawa for a five-year term with one repeat and having to retire at age 70—they have to retire then anyway—might not be attracted by such a proposal. We thought it might not be too inviting and so it was decided to make a little longer term for the permanent officers with the thought and hope that it would perhaps assist in providing the type of personnel you might not get on the basis of a five-year term.

Mr. Crestohl: Would the minister explain why the non-permanent members are not eligible for re-appointment? I wondered if

it was merely to make it possible to distribute the kudos a little more widely?

Mr. Nowlan: That is another of the recommendations of the Fowler commission which we have adopted. I believe it is simply to provide that there will not be too much permanence on the board, that members will not continue forever, as it were. In this way we will be able to reach out and bring in Canadians from across Canada. That is why the appointments are staggered and why they will not all be retired at the same time.

Mr. Fisher: Mr. Chairman, I wish to ask two questions. In the first place, it is easy to understand that two of the full-time members will have positions, but what is in mind for the third full-time person who will not have a position? We will have to imagine him or her in some kind of administrative set-up. We would assume that either the chairman or the vice-chairman would be a French Canadian, and the other an English-speaking Canadian. What about the third person? Why was an extra one selected?

The other question I want to ask relates to subclause 9 of clause 3. Does this rule out the possibility of any members of the present C.B.C. board of governors becoming members of the board of broadcast governors under the act?

Mr. Nowlan: Subclause 9?

Mr. Fisher: Subclause 9.

Mr. Nowlan: I will have to look into that before giving a definite answer. As to the reason for the three, it was felt that this national board representing, as the hon. member says, the nation as a whole, groups and various divisions, should consist of three full-time members here to sit on that board. Although it is true that one can be chairman and the other vice-chairman, the third would simply be a permanent member representing some of the areas of Canada. Also, of course, on the executive committee there are the three permanent and four part-time members.

Mr. Pearson: Mr. Chairman, this particular provision which has been referred to by the hon. member for Port Arthur has caused some of us a good deal of worry. The minister will recall, of course, that the Fowler commission did recommend that there should be 15 part-time members for periods of five years. All members of the board under that commission recommendation would be part-time members. I am not quarrelling with the decision of the government to depart in principle from that recommendation, but I am worried about the way in which that departure has been made. If this bill becomes law we will have on this board of broadcast governors 12 part-time and three full-time members. They will also differ in their tenure of office, as has been pointed out. The full-time members are appointed for seven years and the part-time members for five. There is another difference. The part-time members may serve only two consecutive terms, as was pointed out by the hon. member for Cartier, and then may not be re-appointed before a lapse of 12 months, while the three full-time members may serve as many terms as the government wishes. There is no requirement as I read the bill for a period of time to elapse before re-appointment.

What worries us in regard to this particular matter is the development inside this board of a—and I say this without offence—hierarchy of full-time members who will in fact be the dominating influence inside the board and who have been distinguished from the other members of the board in the ways which I have mentioned. This worry of ours is increased by the fact—and the minister mentioned that these three full-time members will serve on the executive committee which will be the day to day governing body for broadcasting in Canada, and the quorum of the executive committee is fixed at five.

Mr. Nowlan: Not the board of broadcast governors.

Mr. Pearson: The executive committee.

Mr. Nowlan: Of the C.B.C.

Mr. Pearson: Of the board of broadcast governors. If the minister will look up his bill I think he will find that is so.

Mr. Nowlan: Clause 9?

Mr. McIlraith: It is at the top of page 4.

Mr. Nowlan: I beg your pardon; that refers to the quorum.

Mr. Pearson: The quorum of the executive committee is five, and since there are three full-time members of the board they could constitute a majority of the executive committee.

I can understand the chairman being appointed as a full-time member but I am worried about the appointment of three as full-time members. You might even make a case for the vice-chairman because he would have definite functions to perform as vice-chairman of the board, but this third member of which my hon. friend has spoken does seem to me to be in an anomalous position. He is one of this group of three who will have very great influence in directing this board but he seems to have no particular duties to perform. I suppose he is the third force among the permanent members of the board.

We feel that if there is to be this distinction between part-time and full-time members—I can see the desirability of the distinction, perhaps, for the chairman,—it should not be brought any farther than is necessary. That is why we regret very much these other provisions which seem to emphasize and broaden the distinction between the full-time and part-time members. It does underline the danger which was mentioned this afternoon of this trio, the chairman, vice-chairman and the third member, becoming in fact a kind of hierarchy inside the board. I wonder whether the minister can reassure us on that point.

Mr. Nowlan: I do not know just how much my assurances will reassure the Leader of the Opposition. I can understand that he would have some concern over that clause. It is an obvious one and one which I think quite justifies his raising the question which he has. He will notice to start with that the executive committee consists of seven. That was inserted deliberately so that the three—if there was to be any suspicion of them—would not have a majority on the executive committee. I misunderstood him a few moments ago because I thought he had referred to the executive committee. He is perfectly right in saying that the quorum can be five.

Now that is the situation. I think the only answer there, Mr. Chairman, is that if we select the people who should be selected for this executive committee—and I am assuming, although this does not necessarily follow; it is not limited in the legislation—they will be selected from this area, Montreal, Toronto, Ottawa; in other words, adjacent to Ottawa, and I would think that they should and usually would be in attendance at all meetings of the executive committee. That provision for seven was put in there deliberately so that there would be a majority of part-time men and women, if they came to the meeting.

The Leader of the Opposition says that these people will become a hierarchy. I hope not. I do not think they will if the right personnel are appointed. But I ask him, what is the alternative? If we had accepted in full the Fowler recommendations and had all part-time people on the board, I ask him, what would have been the result? I think it is a fair estimate—one can only assume things—that the secretariat, the permanent officials of the board, would have been the hierarchy and would have run the board and the part-time people coming in and going out would have been more or less, we will not say under the control but very strongly influenced by the permanent secretariat, the bureaucrats, to use perhaps an unfortunate phrase, of the board. That we want to avoid at all costs.

[Mr. Pearson.]

With all due respect to the secretariat, we think that the board should be run by Canadians who are selected for the purpose, rather than by officials who happen to be passed by the civil service commission and come to that board. As between the two, the secretariat which might even become the hierarchy and the three members of the board, I think the Leader of the Opposition will agree that perhaps this was the better alternative, although here again it depends on your personnel. It depends on experience, and there can be no guarantee of perfection whatever system is chosen.

Mr. McIlraith: Will the minister at some time clear up the point as to whether or not the existing members of the board of governors of the C.B.C. are eligible for appointment to the board of broadcast governors under this bill?

Mr. Nowlan: I would have to get the advice of the Department of Justice on that. I will do that.

Mr. McIlraith: It is a fairly important point which should not be left hanging in the air. I appreciate the fact that the minister may not be able to answer it at the moment.

Mr. Fisher: Mr. Chairman, in connection with the point I brought up before, it was subclause 6 I wanted the minister to look at rather than subclause 9. It seems to me that the second part of that subclause may rule out a member of the C.B.C. board of governors from becoming a member of the board of broadcast governors. I refer to the words "partner or otherwise". Take the case of a member of the staff of a university which owns a radio station. If you wanted to take a very narrow interpretation you could rule out such a person from becoming a member of the board of broadcast governors. I can think of several people who might be ideally suited and who would be ruled out on that ground. Could that not be made more specific?

Mr. Nowlan: On that score I am quite sure that a university professor who was associated with a university which operated a broadcasting station would not come within the definition "engaged in the business of broadcasting or has any pecuniary or proprietary interest". Therefore I do not think you need to worry at all about the university professor. The question raised about the broadcast governors is exactly the same question as was raised by the hon. member for Ottawa West. I have my own opinion on it but it is not my opinion that will govern and, as I said, I will get a ruling from justice with respect to that point and give it either on the bill or on the estimates, depending on the progress we make with the bill.

Mr. Fisher: Does the minister mean he has his own legal opinion on it or simply his own opinion as to the rightness of it?

Mr. Nowlan: My own legal opinion but you are not interested in that.

Mr. McIlraith: There is one other question I want to raise. I take it it is quite clear that a member of the board of broadcast governors could not also be a director of the Canadian Broadcasting Corporation, or is that clear?

Mr. Nowlan: I would hope so. If it is not, I can assure the hon. member that it will never happen as long as I am minister. I assume it is clear because there has to be an absolute divorce of the two.

Mr. McIlraith: I hope the minister will not misunderstand me if I tell him that in reading the bill before us I find some difficulty in understanding it in relation to his remarks. It seems to me that the bill is much broader than anything he indicated in his remarks, and that is what is bothering me.

Mr. Pearson: Mr. Chairman, may I tell the minister at once that while not convinced I was impressed by his observation a few minutes ago on the composition of the board. He asked what we would have done. If I had had any authority in the matter I think I would have preferred to have a full-time chairman and the others all part-time. He suggests that if there were no full-time members or perhaps only one there would be a danger of the board falling into the hands of a secretariat of bureaucrats, as he called them without offence. But I suggest to him that when people are appointed for seven years and given a salary they are bureaucrats or will perhaps soon become bureaucrats in the best sense of the word.

I would also point out to the minister that in this clause all members of the board are appointed to hold office during good behaviour and that under subclause 7 no member of the board can be removed except on address of the Senate and House of Commons. That seems to me to be a very desirable provision in the legislation and is one reason why we are worried about the non-application of these two provisions—we will come to that later—to the board of the Canadian Broadcasting Corporation.

While I am on my feet may I ask one further question about subclause 6 which has already been touched on by other hon. members. Under this provision a person who owns shares in a film company, perhaps a Canadian subsidiary of a United States film company, which happens to own a broadcasting station in Canada would, I take it, be disqualified from serving on this board. Would anybody who owned shares in a press association or chain of newspapers also be disqualified by ownership of shares in that press chain from sitting on this board if that press chain or corporation also ran a broadcasting station?

Mr. Nowlan: I am not prepared to give a legal opinion on such a set of facts. As my hon. friend knows, every set of facts varies slightly one from another. All lawyers know that. I think a person would be very reckless to attempt to give a legal opinion today which would be of no avail anyway because if this matter were dealt with administratively it would have to be dealt with by justice and if it went further it would have to be dealt with by the courts. But I would suggest to the Leader of the Opposition that the words "directly or indirectly, as owner, shareholder, director, officer, partner or otherwise"—

Mr. McIlraith: It is the "otherwise".

Mr. Nowlan: —are very broad and will preclude many people from taking a position on the board. There can be no question about that. I do not want to try to give a legal definition of the area as to who is going to be excluded and who is going to be included.

Mr. Pickersgill: But either the minister or some other minister or the Prime Minister is going to have to recommend certain names to the governor in council and the governor in council is going to have to appoint these people. Therefore it does seem to me that since parliament is being asked to make this enactment we should know precisely what this provision is supposed to mean. Would, for example, a shareholder in Canadian General Electric, which probably makes and sells parts of radio apparatus, be excluded or would somebody owning shares in Canadian Investment Fund, which might happen in turn to own some shares in Canadian General Electric, be thereby excluded? It seems to me that this is very vague and very far-reaching indeed and that perhaps it would be worth while to take another look at it for it might turn out that about the only people who will be eligible in the country will be farmers, fishermen and the unemployed.

Mr. McIlraith: What about people engaged in the distribution of radio apparatus? Chain stores distribute radio apparatus. Would this apply to employees of chain stores? You can reduce this clause to an absurdity to illustrate the point I am seeking to make. It does not seem to be precisely or carefully worded. Perhaps the minister would give us what help he can. The clause causes me concern because taking certain illustrations one can see how easy it is to reduce it to an absurdity.

Mr. Crestohl: I think the minister as a lawyer is very sound and wise when he says that he will submit this discussion to the Department of Justice for a legal opinion. That is indeed very desirable. May I also suggest that when he does so he point out that it would be desirable that members of the present C.B.C. board should not be excluded from becoming members of the new board in order to retain the continuity he spoke about a few moments ago.

Mr. Chevrier: May I bring clause 8 to the minister's attention? It seems to me to be so clear that I bring it to his attention in a particular way. The marginal note reads "duties of full-time members" and the clause reads as follows:

A full-time member shall devote the whole of his time to the performance of his duties under this part.

You might just as well have said that a full-time member shall work full-time. Is it necessary to include that clause? Does the minister not think that rather the duties of the members should be outlined and explained because there is not a word said about their duties other than that they are to work full time?

Mr. Nowlan: The clause is put in there, of course, to make it plain that they shall not have any other occupation which is taking any of their time but shall devote their full time to the board. It can be expressed in various ways but the purpose is to make sure of that one salient fact. I think these men are going to be very busy at least for the first two or three years with meetings of the board, drafting regulations and dealing with licence applications, particularly if the government should determine as a matter of policy at some future time to restrict the present one channel outlets. I can see where there is going to be a great deal of business both for the full-time and the part-time members. You will notice somewhere else they are authorized to travel and hold meetings in other places. I certainly do not want them doing anything else, anyway.

Mr. Chevrier: Is there any definition other than that contained in this subclause 8 of the duties of the members of the board? I should like to say a word in connection with that.

Mr. Nowlan: Clause 10, of course, relates to the general powers of the board. I have referred to that several times today. Then, clause 11 enumerates all the regulations which the members of the board shall consider, debate, enact, promulgate and carry into effect.

Mr. Chevrier: I do not want to discuss these clauses before we come to them. Are the duties of the board going to be pretty much the same as they are now?

Mr. Nowlan: So far as the C.B.C. board is concerned; that is the regulatory powers.

Mr. Chevrier: What I have in mind at the moment is an application for a radio station or a television broadcasting station. I presume the application will be made to the Minister of Transport in the usual course. It will be cleared by the Department of Transport in so far as the technical aspects are concerned, and then it will be forwarded to the board of broadcast governors who will consider this application and any others that may come before it at a public meeting?

Mr. Nowlan: That is right.

Mr. Pickersgill: It has just occurred to me to wonder, since the hon. member for Laurier referred to this subsection providing that a full-time member shall be a full-time member, if I may abbreviate it, whether or not that would preclude these full-time members from being directors of any corporations. It does seem to me that is a point that ought to be made clear in this legislation one way or the other. Of course, some of the part-time members would be the kind of people who would be directors in other corporations. I would think there would be nothing improper in that. However, I wonder if any of them should be directors in advertising agencies. This might be just as serious a disqualification, perhaps more serious, than connection with a radio apparatus distribution firm such as Canadian General Electric or some other company that is rather remote from broadcasting.

In view of some of the debates we have had in previous sessions, it would be a good idea to determine whether or not these full-time members can be directors of any company, especially any company from which they receive any remuneration and for which, I presume, they are expected to provide some service.

Mr. Herridge: Does this subclause 8, in effect, prohibit any form of moonlighting?

Mr. Nowlan: Absolutely.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Chairman chief executive officer.*

Mr. Pearson: On clause 5, I return to the question of the chairman, vice-chairman and third member of the board on this executive committee. This clause says:

> The board may authorize one or more of its members to act as chairman for the time being in the event that the chairman and vice-chairman are absent or unable to act or the offices are vacant.

Surely it would be normal, and should have been included in the bill, to state that if the chairman or vice-chairman are away the third full-time member of the board would act as the chairman. Under this clause any other members of the board, even a part-time member, could be authorized to be chairman of the board for the time being, overlooking the third full-time member of the board.

Mr. Nowlan: I think that is true; it could happen. I do not believe it would, but after all this board will know these people. They are sitting on the board and working together, not just today but for months and years. I think it is safe to leave it to the board to designate, in the expectional circumstances which are recognized here, the member who is to act as chairman. They may want to choose somebody else. It may be the third full-time man may be ill or away. This clause does not prohibit him from being chairman. I would think in almost any circumstances which we could reasonably foresee they would be apt to name the third man to act as chairman during the time the others were ill or away.

Mr. Crestohl: I understand the chairman is to be appointed by order in council, and it would seem this clause would mean that the order in council could only be passed once because you leave it to the board of governors to appoint a chairman after that. Am I correct in my reading of the section that you only appoint a chairman by order in council the first time and after that the board can appoint a chairman if the chairman should pass away?

Mr. Pickersgill: I think the minister had better allow this clause to stand.

Mr. Nowlan: That is another legal question we will let justice answer.

The Deputy Chairman: Shall the clause carry?

Mr. Pickersgill: No. I do not want to make this observation in any critical sense, but it has been the custom in the past when legislation of this character is being discussed for the minister to be assisted by officers from the Department of Justice to enable him to clear up these points. We are being asked to legislate here and we are not getting answers to questions such as the one just asked by the hon. member for Cartier. It is a proper question and the answer should not be left in an ambiguous state if there is any way of resolving it. It does seem to me the minister could ask that this clause stand until he can get advice on it and make a reply.

Mr. Pearson: All of this shows how much better it would have been if we had been able to send this bill to a committee.

Mr. Nowlan: I thought the hon. member for Cartier was facetious, Mr. Chairman, and I am sure he was. The clause says "for the time being". Of course, you do not need a ruling from justice on that. Under these circumstances the board may authorize one or more of its members to act as chairman for the time being, in the event that the chairman and vice-chairman are absent or unable to act or the offices are vacant.

Mr. McIlraith: The minister dealt with subclause 3, but what about subclause 2 which says:

> If the chairman is absent or is unable to act or the office is vacant, the vice-chairman has and may exercise all the powers and functions of the chairman.

Mr. Nowlan: That is a normal provision, I would think, that the vice-chairman acts in the absence of the chairman or in case the office becomes vacant and, for the time being, exercises the duties and responsibilities of the chairman until such time as a chairman would be nominated to succeed him.

Mr. Pickersgill: Ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow?

Mr. Green: Tomorrow, we shall continue with this debate, then take item No. 1 on today's order paper, the house in committee on the amendments to the Railway Act; then, order No. 7, second reading of the bill to amend the Canadian Citizenship Act; then, item No. 5, second reading of a bill to authorize the construction of a bridge across Lubec channel between the province of New Brunswick and the state of Maine; then we will take item No. 11, the resolution respecting the South Saskatchewan river project; and then item No. 3, second reading of a bill to amend the Customs Act.

Mr. Chevrier: And on Wednesday?

Mr. Green: I am not yet in position to say what we will do on Wednesday; it depends on what progress we make tomorrow. The plan is that the first estimates to be considered this week will be those of the Department of National Revenue.

Mr. Chevrier: Will that be on Wednesday or Thursday?

Mr. Green: It may be on Wednesday or Thursday.

Mr. Fleming (Eglinton): Hon. members had better be prepared for both days.

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

HOUSE OF COMMONS

Tuesday, August 26, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Sixteenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

BUSINESS OF THE HOUSE

MOTION FOR RESTORATION OF PRIVATE BILL TO ORDER PAPER

Mr. A. D. McPhillips (Victoria, B.C.) moved:

That Bill No. SD-231 entitled: "An act for the relief of Kenneth Herbert Gregory", the preamble of which has been reported as not proven, be placed on the order paper for consideration at the next sitting of the house.

Motion agreed to.

BILL OF RIGHTS—REQUEST FOR EARLY INTRODUCTION OF LEGISLATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether, in view of the fact that the bill of rights is to be dealt with at this session, he can give the house an assurance that this bill will be in our possession in adequate time to permit of its examination before that consideration begins?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer is yes.

UNITED NATIONS

CANADIAN REPRESENTATION AT MEETING OF COPPER, LEAD AND ZINC PRODUCERS

On the orders of the day:

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Can the minister tell the house if our country will be represented at the United Nations-sponsored meeting of copper, lead and zinc producers to take place at the beginning of next month?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for giving to me a copy of his question before I came into the house. My answer is yes, Canada will be represented. There will be Canadian officials and industrial representatives in attendance. The meetings will start on September 8, and as intimated by the hon. member, at those meetings questions related to copper, lead and zinc will be considered.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Will the government of Canada participate in the United Nations sponsored meeting of copper, lead and zinc producers to be held early next month and, if so, will the government's representatives be persons who have a knowledge of the development, production and marketing aspects of the base metal mining industry?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, there is a fine spirit of co-operation among hon. gentlemen on the opposition benches. That question was just asked and answered.

Mr. Speaker: The first part of the question was just asked and answered but the second part struck me as adding something to the question, and it might be treated as supplementary.

Mr. Herridge: Mr. Speaker, could the minister give an answer to the second part of the question? I did not hear the first part on account of noise from the government side of the house.

Mr. Churchill: Mr. Speaker, the reply to the second part of the question of course is yes. We would send only experienced people to a conference of this nature.

FRUIT

NIAGARA PENINSULA—SUPPORT PRICES FOR PEACHES

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. Owing to the fact that over 1,000 tons of sour cherries were left to rot on the trees in the Niagara district because of the lack of a market, and the peach growers are faced with the same predicament, I would appreciate it if the Minister of Agriculture would say if there is any truth in the Canadian Press report that federal government price supports invoked under the price stabilization act will be instituted this year to protect peach growers and canners.

Inquiries of the Ministry

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I think there is considerable misapprehension as far as the cherry situation, which was mentioned here, is concerned. My information is that a thousand tons of cherries which growers were unable to market were put into frozen form at their own cost, and they are holding them at the present time rather than a thousand tons having been left on the trees to rot. I might say also that no request was ever received from the cherry growers for support or assistance under the Agricultural Stabilization Act.

As far as the peach situation is concerned, on Wednesday last representatives of the Ontario peach growers' marketing board and processors met the stabilization board and requested assistance for 1958 processed peaches in the province of Ontario. Various proposals were considered which the growers' representatives wished to discuss with their organization. The two groups—the Ontario peach growers' marketing board and the processors—have requested a further meeting with the stabilization board on Thursday.

In other words, during the past week there have been a series of meetings and negotiations going on with the stabilization board, the peach producers' marketing board and the canners, in which I might say the hon. member for Lincoln (Mr. Smith) has been taking a very active part.

CANADIAN NATIONAL RAILWAYS

NEWFOUNDLAND—LLOYD'S INSPECTION OF COASTAL BOATS

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I direct a question to the Minister of Transport. Is it the intention of the government or of the C.N.R. management to dispense with Lloyd's inspection with respect to coastal boats which are operated by the Newfoundland division of the Canadian National Railways?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. The management of the Canadian National advise me that they have dispensed with Lloyd's inspection, as it is considered that compliance with the regulations of the board of steamship inspection and operation under Canadian government certificate of inspection adequately provide for safe operation.

I might say that a substantial saving will be thereby effected.

[Mr. Houck.]

TRANSPORT

NEWFOUNDLAND—FIRST RUN OF FERRY "WILLIAM CARSON" INTO PORT AUX BASQUES

On the orders of the day:

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Transport. Will the minister tell the house when the ferry *William Carson* is expected to make her first run into Port aux Basques?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. The motor vessel *William Carson* left North Sydney Monday night for Port aux Basques with cargo on a trial run. If the tests are successful it is hoped to have a regular service go into effect about October 1.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REQUEST FOR TABLING OF COPY OF AGREEMENT IN FRENCH

On the orders of the day:

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Can the minister tell the house whether a copy of the agreement on the South Saskatchewan river dam project will be available to us in French?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, this agreement, of course, was signed in English and I tabled the agreement which was signed in English. There were no French copies of the agreement because the people of Saskatchewan are not too familiar with that language.

Mr. Dumas: A supplementary question, Mr. Speaker. Can we have a French copy? It can be translated.

Mr. Harkness: I think, Mr. Speaker, the translation staff of the house can quite readily translate it into French, and I believe that can be done under the direction of the Clerk.

Mr. Dumas: A further supplementary question. Can the minister tell the house whether a French copy of the agreement will be available before the discussion of the resolution?

Mr. Harkness: I expect the discussion of that resolution will come on today. I do not know whether it is possible to translate it into French before that is done.

Hon. Lionel Chevrier (Laurier): On that point, Mr. Speaker, I think it is important for some of us on this side of the house that there be an adequate translation of the agreement and that it be made available to

the house before the resolution is discussed. Since the agreement was signed some time ago it would seem to me that there has been ample time. Perhaps the matter has been overlooked, and if it has I suggest to the minister that the translation be made available before the discussion takes place.

Mr. Harkness: Mr. Speaker, I may say that the agreement was tabled over three weeks ago, I believe. It was tabled as it was signed, and if the hon. member for Laurier and other hon. members on the other side of the house had wished to have it translated into French they should have made their request long before now.

Mr. Chevrier: Mr. Speaker, it does not matter whether the agreement was signed 12 months ago; surely the house is entitled to have that kind of service. There seems to me no reason why we should not have the translation of the agreement before we proceed with the discussion. There are members on this side of the house and on the other side as well who understand and read the French language much more freely than English, and it would appear to me that this should be done before we proceed with the discussion of the resolution.

Mr. Harkness: As I have indicated, we are anxious to do the best we can to meet the wishes of hon. members in that regard. The translation will be made as soon as it can be done. I am merely pointing out that the hon. member should have raised this point long before this because the resolution has been on the order paper now for several days, and it was announced by the leader of the house that the matter would be discussed.

Mr. Chevrier: It should have been done without the point being raised.

Mr. Speaker: Order. The document is in the possession of the house as one of its papers tabled in the house, and the house simply has to give the direction that it be translated. I take it that the house wishes this document to be translated forthwith.

Some hon. Members: Agreed.

TRADE

OIL—REPORTED EXTENSION OF U.S. IMPORT QUOTAS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of a report that commerce secretary Weeks of the United States is preparing a new schedule of oil import quotas for next month that will likely lead to reduced imports of oil into that country. Can the minister say what action the Canadian government is now taking to maintain this very valuable market for Canadian oil and, if possible, increase it?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have not seen the article to which the hon. member refers. I would prefer to take his question as notice and reply tomorrow.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO IMPLEMENTATION OF FEDERAL AID TO EDUCATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister. In view of the pending end of the session, can the Prime Minister advise whether the government has given active consideration to implementing any of its policies on federal aid to education?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, when the final supplementary estimates are tabled—it is pointed out that I should have said "further supplementary estimates"—the hon. gentleman will have his answer in that regard.

FINANCE

SMALL BUSINESS—INQUIRY AS TO FEDERAL LOANS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister in the same general field but not on the same subject. I am sure the Prime Minister is aware of the many representations we are getting from small business people as to the government's intentions with regard to small businesses. Can the Prime Minister say whether any steps will be taken soon under special legislation to make money available to small businesses by way of loans?

Right Hon. J. G. Diefenbaker (Prime Minister): The same answer applies that I made to the hon. member for Port Arthur. Provision will be made for the setting up of a small business bureau, as undertaken in the speech from the throne.

Mr. Argue: Is the Prime Minister able to say whether it is anticipated that this bureau will have moneys available for lending to small businesses? What is the answer to that question?

Mr. Diefenbaker: When the further supplementary estimates are tabled, government policy in this regard will be shown.

Broadcasting

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS—CONTINUANCE OF C.B.C.

The house resumed, from Monday, August 25, consideration in committee of Bill No. C-55, to establish a board of broadcast governors and to provide for the continuance of the Canadian Broadcasting Corporation—Mr. Nowlan—Mr. Sevigny in the chair.

On clause 5—*Chairman chief executive officer.*

The Chairman: When the committee rose last night, we were considering clause 5 of this bill. Shall clause 5 carry?

Clause agreed to.

On clause 6—*Salaries and fees.*

Mr. Pearson: Clause 6, Mr. Chairman, deals with the remuneration of the members of the proposed board. It is quite obvious from this clause that the board is going to be a considerable cost to the taxpayers, and that the remuneration of the members of this board will be considerably in excess of that which the board members of the corporation now receive. I believe I am right in saying that under the present legislation governing the Canadian Broadcasting Corporation, or regulations made under that legislation, there is a ceiling on the remuneration of the executive committee of the C.B.C. of $1,000; that other members of the board of the present corporation receive $50 per meeting and expenses while they are in Ottawa, and there is a ceiling on their remuneration of $500.

The minister will probably recall that the Fowler commission recommended that remuneration of the members of the proposed board should not exceed $30,000 per annum exclusive of travelling expenses. But no such limitation, as we had on the remuneration of the members of the previous board has been included in this bill. I should think, Mr. Chairman, in view of that fact and that the remuneration of members of this proposed board has been doubled, the cost to the taxpayers might be at least $100,000 per year or even a good deal more than that.

I was wondering whether the minister or the Minister of Finance had made any estimate of the annual cost of this proposed board. It seems to me this is a very important item, as the board will be holding public meetings, which in some cases would be protracted, and extend over many days, and would be very expensive. Has the minister given any consideration to this, and could he indicate why the remuneration of the members of this board has been doubled without any limit having been imposed on it, as was done under the previous act?

Mr. Nowlan: In so far as the part-time members are concerned, the remuneration was doubled because we were advised by officers of the corporation that from their experience it was very difficult to get former members, except at great sacrifice, to come to the meetings. There was increasing difficulty during the last few years because of rising costs and so on, and members came at a real sacrifice. It was not fair to expect that to continue, and in fact some change would have been made in the remuneration payable to members of the old board if that had continued.

In so far as the ceiling itself is concerned, the Leader of the Opposition appreciates that we differed from the Fowler report, as he pointed out yesterday. We now have three full-time members who will be paid a salary fixed by the governor in council. I can say no consideration has been given to the amount which should be paid. We anticipate that we shall have to pay substantial amounts to attract the men who will be asked to fill these positions. Hence I am not in a position to give an estimate of the overall expenditure which will be made.

Mr. Pickersgill: The minister's last observation, namely that no consideration has yet been given to the salaries that will be paid these gentlemen, raises a point in my mind. This board is to have a judicial character. It has always been a well understood principle of our constitution that the salary of judges is fixed by parliament and is never left in any way under the control of the executive. It seems to me that this is another way in which—again I am not insinuating that it would be done—it would be possible to bring pressure to bear in certain cases. It seems to me that it should be a statutory provision and not a provision made by the governor in council. I would ask the minister whether he would not consider allowing this particular clause to stand and with his colleagues give some consideration to that point.

Mr. Nowlan: I am prepared to give consideration to all the suggestions which are made, Mr. Chairman. As I said, this bill is not finality in itself. It will be changed from time to time. But I would point out to the hon. member that the chairman of the board of governors of the C.B.C. is paid such salary as the governor in council may determine and that the legislation which is now before us provides that the chairman of the new board shall be paid such annual salary as the governor in council shall determine.

Mr. Pickersgill: Quite so.

Mr. Nowlan: There is therefore no change at all in the bill.

Mr. Pickersgill: No; but the minister will recall that what he was asserting as a great virtue of this new set-up was that it was going to be judicial, that it was going to replace the former situation where it was alleged that one competitor had jurisdiction over another. It seems to me that if, in fact, we take seriously this judicial aspect, we should follow the practice which has always been accepted, namely that any body having judicial functions should have the maximum independence that it is possible for parliament to give it. I wonder whether the minister would not allow this item to stand until after lunch, when he could have a chance to discuss it with some of his colleagues.

Mr. Nowlan: I am in the hands of the committee, Mr. Chairman. But as far as my colleagues are concerned, may I say that we have discussed this matter and we have deliberately left it open until we had an opportunity to see how the board operates, and also what will have to be done with regard to attracting the type of people here that we want and expect. I agree with everything the hon. member says about a judicial body, but may I point out to him that the pension commission is a judicial body, and the government of which he was a member changed the salaries of the members and chairman of that board, despite the fact that it was fixed; and it was done by order in council.

Mr. Fleming (Eglinton): There are also other examples.

Mr. Pickersgill: Yes, but I would recall to my hon. friend's mind that we did it over the very strenuous objections of the opposition. I think it was done before I was a member of the government, but I remember the debates very well. The most violent objections were taken by many hon. members on the other side of the house on precisely the ground that I am suggesting here. I might also point out that although the pension commission does have a semi-judicial function in some respects, at any rate, it is not the kind of body on which there would really be any suspicion that any government might wish to exert any kind of pressure. The government never appears before it as a litigant, as it does before the courts. The government would have no motive that is very easily discernible for seeking by this indirect means to bring pressure to bear on that commission.

But I suggest that this is precisely what we on this side of the house are most concerned about, and what I understood the minister to say on behalf of the government they were most concerned about, namely to make this body highly judicial in its character. It seemed to me that to remove any suspicion that the government was using the remuneration to bring pressure on the board, it would be better for parliament to set the remuneration.

Mr. Pearson: All we are doing is trying to give the government an opportunity to follow the course which they so strongly advocated when they were on this side with respect to a body the judicial character of which they have continually emphasized.

Mr. Nowlan: I have pointed out that in the case of 12 of the 15 members the remuneration is fixed by the statute before us. The remuneration of the other three members is not fixed, and cannot be fixed at the moment because of the reasons I have mentioned. The government has to take responsibility for the choice of these men, and I can assure the committee that this government—and I think any other government, as far as that is concerned—is not going to exercise pressure on the men chosen for this board through any alteration whatsoever in the inducement respecting salaries.

Mr. McIlraith: This is another example of those things which would have been dealt with by the committee if the bill had been introduced in time to enable that to be done.

Mr. Nowlan: No, because the bill would have stood the way it is.

Mr. Fisher: Will the three members have the same salary scale, or will there be a higher salary for the chairman, a lower salary for the vice-chairman, and so on?

Mr. Nowlan: No decision has been made on that point. Possibly the chairman will be paid a little more.

Mr. Crestohl: I wonder if the minister can assure the committee that once the salary has been fixed by order in council there will be no move to modify that salary during their term of office.

Mr. Nowlan: I certainly can give no such assurance. It would only be in an unusual situation that that would have to be done, but I can imagine a situation where a person has been appointed and performs very valuable service, and is then given an opportunity to enter some other field at a much higher rate of salary. In such a situation it is possible that the government might consider increasing the salary to keep that incumbent

there. Again, the term of office is seven years, and the holder might be reappointed for a further seven years. That is a long time, and I should not care to give such a commitment as has been suggested. I do not think any responsible minister could.

Mr. Crestohl: I only had in mind a reduction in salary being made.

Mr. Nowlan: I do not think there will be a reduction.

Mr. Caron: I see there are three full-time members, and that in order to sit the board will need a quorum of five. Thus they will have to ask at least two of the part-time members to sit with them, and the remuneration paid to them is $100 a day. As it is now, the board may sit every day, month after month, and in this way part-time members may become more highly paid than those who are full-time members. Has this point been considered by the cabinet?

Mr. Nowlan: No; consideration has not been given to that.

Mr. Pearson: That is a very important point, because one of the purposes of this board would be to hold hearings, and these hearings might be prolonged. At $100 a day plus expenses it would not be hard for part time members to reach a salary of $15,000 or $20,000. Surely that is an argument for placing a maximum on the remuneration of part-time members, as was done in the case of the C.B.C.

Clause agreed to.

On clause 7—*Staff*.

Mr. Pickersgill: I notice that the staff of the board are to be appointed under the provisions of the Civil Service Act. I would imagine that certain of the functions of the board of broadcast governors are now being performed by certain of the staff of the C.B.C. who are not civil servants under the Civil Service Act.

I have no objection whatsoever to any new employees being appointed under the provisions of that act, but I wonder if there is any provision made for the incorporation of such employees as I have mentioned, or whether any consideration has been given to that point; because I am sure the minister does not intend to terminate the employment of people who would have no function under the reorganized C.B.C. but who, because of their experience, might I think be invaluable to the new board. I think it would be very unfortunate if persons who had been employed for a very long time should be made subject to competitive examination.

I recognize, of course, that the governor in council under the Civil Service Act has authority to appoint civil servants and to dispense with certain normal requirements of the Civil Service Act, but I should not have thought the minister would wish to proceed in that way, and I wonder whether some other provision should not be made in respect of such persons as I have mentioned.

Mr. Nowlan: The problem of transferring individuals who, perhaps, are older and who may not wish to take examinations which could be prejudicial to them is something which will have to be dealt with. As the hon. member has said, there is provision for exemption from this requirement, and I imagine this mechanism will be used. Then if the hon. gentleman will turn to clause 41 of the bill he will see that provision is made there preserving the rights of all the employees of the C.B.C. who are under the public service act; and the intention is, if and when these employees are transferred to the civil service, by examination or by exemption or whatever method is used, that their rights will be preserved. I can assure the hon. gentleman that there will be no trouble whatsoever in dealing with this situation.

Mr. Pickersgill: Can the minister give us an assurance that there is no intention whatsoever to use this as an indirect means of getting rid of some employees?

Mr. Nowlan: If the government should decide to get rid of some employees it would not have to use indirect means; it would use direct means.

Mr. Fisher: In connection with the staff situation, I wonder if the minister has any idea of the number of staff now with the C.B.C. who would be transferred to the new board in order to make its work more effective. I am thinking particularly of audience research work, which might be very useful to the board of broadcast governors. Or there might be a possibility that the present audience research group now with the C.B.C. could do work for the board of governors on request. There is also the question of the regulation group which the C.B.C. now has in existence. Is it planned to transfer this group to the control of the board of broadcast governors?

Mr. Nowlan: The regulatory duties now performed by the C.B.C. would be turned over to the new board, and I should think some of that staff—I am not sure of the exact division—would naturally be used by the board of broadcast governors whenever possible.

In so far as the great majority of the employees are concerned, they are of course engaged in the operating end. We have under the C.B.C. directly over 6,000 employees at the moment, and only a very small proportion of these are engaged in the regulatory work or in the program research work to which the hon. member has referred. The great majority would be staying with the C.B.C., under the control of that corporation.

Mr. Pickersgill: There is another question which occurs to me. The quasi-judicial functions which will be performed by this board will obviously require it to have almost constant and continuous legal advice. Is it intended that the Department of Justice should provide legal advisers to the board in the way it does to government departments, or is it intended that the board should have a legal department of its own?

Mr. Nowlan: That is a matter which I think will have to be left to be decided in the light of experience and the judgment of the board. No decision has yet been made, and until a decision is reached, or a change is made, the officers of the Department of Justice are being used by the government and will be used, initially at least, by the board.

Mr. Crestohl: I wonder if the minister has made an estimate with respect to the staff, regardless of where it will be recruited, from the standpoint of the cost to the country of this new set-up. Of course the money will have to be voted. Can the minister give the committee an estimate of what that is likely to cost?

Mr. Nowlan: At the moment I am not in a position to give that estimate, Mr. Chairman. We are starting here afresh with a completely new organization. One could take the salaries and wages paid in the C.B.C. to those engaged in regulation, I suppose, and get a rough estimate, but it could only be a rough one. I would prefer not to venture a figure. We will have the responsibility of providing estimates for this body at the next session. At that time the board will be appointed. The board will make a survey and estimate what staff is required, and then we will be able to give an estimate that is an accurate appreciation of the problem for the first year, but at this stage I am not in a position to do that.

Mr. Crestohl: It is rather difficult to reach conclusions and decisions because the minister is asking parliament to give him a blank cheque, so to speak, to carry out this project. I believe it would have been advisable for the committee to be given some idea as to what this new venture is likely to cost the country.

Clause agreed to.

Clause 8 agreed to.

On clause 9—*Executive committee.*

Mr. Pearson: Mr. Chairman, clause 9 is a very important clause of this bill. It deals with the executive committee which, as I said last evening, will be the committee responsible, I would think, for the day to day work of this board. Three of its members will be the full-time members of the board. While I agree that in this clause the powers of the executive committee are limited in certain respects, and quite rightly so, and that this limitation will prevent it from promulgating regulations which would have to be passed by the full board in dealing with certain important matters, nevertheless the executive committee would, I assume, have the power to interpret regulations passed by the full board. That perhaps will be just as important in a body of this kind as the regulations themselves.

I take it that under this clause the executive committee can also draft proposals and regulations for consideration by the board. That is why I want to emphasize the importance of this smaller group, especially the three full-time members within it. Subclause 3 of clause 9, which as I said limits the powers of the executive committee, reads as follows:

> (3) The executive committee shall exercise such of the powers and functions of the board as are delegated to it by the board, except the powers and functions of the board under sections 11 and 12 and the provisions of section 13 other than paragraph (b) of subsection (4) thereof.

Excluded from that limitation is paragraph (b) of subsection 4 of section 13. I wonder if the minister could explain why that exception was made.

Mr. Nowlan: Yes, Mr. Chairman. When hon. gentlemen look at paragraph (b) they will see it provides power to grant or revoke permission to a licensee to operate the broadcasting station in respect of which his licence was issued as part of any network for the broadcasting of a particular program or a series of programs extending over a period not exceeding one month. In other words there will have to be two different decisions made. Perhaps arrangements will be made for establishing a network for a hockey game, or perhaps a temporary network will be established for a series of hockey or football games over a period not exceeding one month. That is the type of network you could safely leave to a small executive committee without any suggestion of impropriety, and it would

be most unfortunate if some of these things were delayed because you could not get the executive or the whole board together to provide for them.

We had an embarrassing situation with respect to the football game last Saturday night, as hon. members know. After a great deal of delay and changes made in network programs the game was telecast and the reception was terrible; you could not see it.

Mr. McIlraith: What was wrong?

Clause agreed to.

On clause 10—*Objects and purposes.*

Mr. Chevrier: Mr. Chairman, I wonder if the minister would not do well to explain exactly what are the objects and purposes of this clause. I have in mind now particularly the latter part of this clause, which states:

> The board shall . . . regulate the establishment and operation of networks of broadcasting stations—

—and so on. What is meant by "regulation" and what is meant by "operation"? Those are the two questions I would direct to the minister now, leaving two others for later consideration.

Mr. Nowlan: Well, Mr. Chairman, I would suggest this simply means that the board shall regulate pursuant to clause 11, which gives it the power to make regulations. In other words the board shall have the power to establish regulations for the establishment and operation of networks of broadcasting stations which, as the hon. member knows, is a phrase borrowed almost word for word from the existing act under which the Canadian Broadcasting Corporation operates.

Clause 10 is not an operative clause. As the hon. member will appreciate, this is a general statement of powers and objects. They are defined and set forth in the following clauses, Nos. 11, 12 and 13. I believe hon. gentlemen will find that everything in clause 10 would be generally subject to the specific powers set forth in those clauses.

Mr. Chevrier: Do I take it, then, that the regulation and operation will be in the same manner as carried on heretofore?

Mr. Nowlan: That will be a decision the new board will have to make.

Mr. Chevrier: Dealing with the latter part of clause 10, which states that the board shall regulate the activities of public and private broadcasting stations in Canada and the relationship between them, could the minister indicate to the committee in what way the regulation of those activities is going to be conducted in so far as (a) the C.B.C. itself is concerned and (b) private broadcasting stations are concerned?

Mr. Nowlan: Mr. Chairman, I am not certain that I follow the hon. member of fully understand the meaning of his question. The regulations, of course, will be generally for both private stations and the corporation as is spelled out in the act. In future the corporation will have to appear before the board if it wants a licence for a new station and be treated in the same way as any other person in that field. That wording is put there specifically to show that this board is going to have general supervision over all broadcasting in Canada, which I take it is the intention and design of this government. As I said yesterday, this is a provision that is eminently desirable so as to avoid any criticism of the C.B.C. in future for being in an invidious position vis-a-vis the private broadcasting stations. We have tried to rectify that, and that is why we have spelled out here "over private and public stations".

Mr. Fisher: Mr. Chairman, I believe this clause of the bill which spells out the general purposes of the board is the most controversial clause in the bill, because it really does not give us too much to put our teeth into. The bulk of the purpose is contained in a long clause that is stuck in the middle of the paragraph. Because we feel it is not sufficiently definite, at this time I move seconded by the hon. member for Assiniboia:

> That this clause be struck out in its entirety and the following substituted:
>
> The board is charged with the supervision, regulation, and control of all broadcasting in Canada in the public interest. The board is to ensure the provision of a varied and comprehensive broadcasting service, on a national basis and with a high standard and a basically Canadian content and character; and it is to examine the activities of public and private broadcasting stations in Canada and to determine the relationship between the private and public stations.

As the minister will note, there are not too many changes from the present clause 10 except to take the first sentence from the draft act of the Fowler commission and put it in here, and then to emphasize the power of the board of broadcast governors to regulate completely, or control completely, the relationship between the public and private stations. We think this amendment will help assure those of us who are concerned about the possibility of the board of broadcast governors not carrying out the intent of this legislation in the public interest, perhaps leading to the withering away of the public broadcasting system we have. We would be much encouraged if this particular clause, which we have suggested as

an amendment, were accepted in place of the one that is now in the bill.

Mr. Nowlan: Mr. Chairman, in so far as the intention expressed by the hon. member is concerned, I could have no quarrel with that whatsoever, and I think generally there is intent not to materially alter the section, perhaps, but to emphasize certain features of it. I must point out, Mr. Chairman, that this section, as was the case with all other sections but particularly with this one, engaged the attention of the chief draftsman of the Department of Justice, and a great deal of careful consideration was given to it in view of the legal questions generally involved.

I would not want to take, and I cannot take, the responsibility of accepting an amendment such as this without further consideration and without experience of operation. I think the intention is all right, but I would point out for instance that in the draft amendment which I have in my hand, which the hon. gentleman has just moved, hon. members will see that the board is charged with supervision, regulation and control of all broadcasting in Canada in the public interest. We have deliberately included in the first line or two of section 10 the words:

> The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system—

We wanted to make it clear that we were going to continue something. Maybe there is not a material difference between the two, but we have given some importance to that point so as to see that the existing corporation and everything else are to be continued and operated. Then again, there is another clause which could be very important, because the last line but one of section 10 of the bill before us says:

> —and provide for the final determination of all matters and questions in relation thereto.

That also does not appear in the draft amendment which was submitted to us. It is true that provisions for appeal except on questions of law are excluded from the bill; but all lawyers know—everyone knows—that there are means which can be taken such as certiorari or mandamus, or something of that kind, if members of the board are involved in legal matters. These words "final determination" were deliberately included in the section so that this board of broadcast governors would be able to make adjudication without having to worry too much about technical matters of a purely delaying nature which may arise.

Provision for appeal to the courts is safeguarded, as I said, on questions of law. For these reasons, and because primarily the section was, as I said, considered very carefully by the justice department draftsmen, I cannot accept the amendment moved by the hon. member.

Mr. Pearson: Mr. Chairman, the remarks I wished to make on section 10 and the point of view I had wished to put forward are very well embodied in the wording of this amendment which we are happy to support.

Section 10 is, I think the minister will agree, perhaps the most important section in the whole bill, and all the more important because it declares certain objects and purposes of this legislation which override anything which appears in part II of the bill dealing with the C.B.C. Indeed, I think section 29, subsection 2 of part II specifically provides that the corporation is bound by the provisions of part I. Therefore everything in part II is subject to part I and would be subject to section 10, which declares the objects and purposes of this board.

While I am quite willing to accept the statement of the minister as to these objects and purposes however they may be expressed in this section and as he has indicated in his statement, I do think it would be advisable to strengthen the language of this section, as is done in this amendment, to emphasize the importance of a national broadcasting system conducted as a public service in the public interest; something that has been emphasized by everyone concerned with this matter from Sir John Aird and Right Hon. R. B. Bennett on down. Indeed, it is also emphasized on more than one occasion in the reports of the Massey commission and the Fowler commission. But section 10, though it may be implicit, is silent in respect of that particular emphasis.

I should perhaps take advantage of this opportunity to apologize to the minister for a statement I made last night which was quite inaccurate. I think I said in one of my interventions that there was no reference to a national broadcasting system in section 10. Of course there is a reference to it, and I am sorry I was inaccurate in that sense; but reference to the national broadcasting system is not in the emphatic terms that I think it should be.

The minister has indicated that the language used here was chosen deliberately to emphasize the continued existence of a national system; but if he goes back to the C.B.C. legislation he will find that the language used there—and I will come back to the language in another section of the report—charges the C.B.C. with continuing a national broadcasting system in the public interest. It puts a definite obligation on the C.B.C. to do that

in stronger terms than I suggest are used in section 10 in relation to this new board.

For that reason, Mr. Chairman, we think this amendment should be supported. I believe it realizes some of the objectives that we have in mind; it strengthens those objectives, and I think would make this a better bill in the public interest, improving the public service character of broadcasting.

Mr. Pickersgill: I would like to say a word or two in support of the amendment. My method of supporting it is to examine very carefully the present clause, because it seems to me if you read the present clause without the phrase to which the minister referred, if you read the operative part of it, you will find that the board has the power to regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters, and so on. It will be seen there that all the powers the board is given are the powers to regulate; there are no powers to initiate.

Now, it is true it is said here that the board must have this purpose in mind under those regulations; but what the Fowler commission recommended and what the hon. member for Port Arthur has, I think, imported into his amendment is the power to initiate, and that is precisely what we think there ought to be. It is not good enough just to be able to regulate. It seems to me the whole concept of this clause is too negative, and for that reason it would be far better to put something in it that would be a direction, which as the Leader of the Opposition has said exists in the C.B.C. legislation now on the statute books, to initiate, that is to be the fountainhead, the inspiration of broadcasting activities, both public and private.

Mr. McIlraith: Mr. Chairman, I find some difficulty in reconciling clause 10 as it appears in the bill with the statements of the minister. My difficulty in that respect is added to by the minister's statement a moment ago that he found no quarrel with the intention expressed by the mover of the amendment. I should like to take clause 10 and see if I can get some help from the minister on it. I want to read it and isolate certain words in doing so. It reads as follows. The board shall—

—for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character—

If you take that group of words you can see that they might well have been put in the preamble to the bill. They are a separate statement of purpose, and probably should be in the preamble. One can express different points of view about them.

Mr. Diefenbaker: They would not be effective if they were in the preamble.

Mr. McIlraith: That is the point I am making. The Prime Minister has interjected that they are not effective here.

Mr. Diefenbaker: If they were in the preamble they would not be effective.

Mr. McIlraith: One might say that they contain a pious hope somewhat badly expressed. We all, of course, want a basically Canadian content and character; that is the purpose of the whole thing. We all want the continued existence of the national broadcasting system, its efficient operation and so on. The point I am getting at is that this group of words deals separately with one aspect of the matter, whether they are in a separate clause or in this one; but leaving these words aside, and I respectfully submit that is the way the clause must be read if we are to get its legal meaning, the operative part of the clause reads as follows. The board shall—

—regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.

It will be seen that there are five separate matters dealt with in this one clause, and for some strange reason they are all grouped together in this rather unusual form. The first one I dealt with, embodying a laudable statement of objectives, might well be in the preamble; but the effective and operative ones are, first, that the board shall regulate the establishment and operation of networks. That is fairly clear. Second, the board shall regulate the activities of public and private stations. I want to draw the attention of the minister to that point particularly. That means all individual stations. It is perhaps clear enough with respect to the privately owned stations, but in the case of the C.B.C. it means that the board can regulate the activities of an individual station in the network operated by the C.B.C. From anything said by the minister I do not think that was intended. I do not think that is the purpose of the bill.

Third, the board can regulate the relationship between individual stations, so the board can regulate the relationship between two individual stations operated by the publicly owned organization, the Canadian Broadcasting Corporation. There has been no suggestion that this is what was intended.

Then there is the other provision to which the minister referred a minute ago. In the fourth place it should be noted that the board can provide, not regulate, for the final determination of all matters and questions in relation thereto. I take it that "in relation thereto" relates to any of the matters previously mentioned. Therefore the board can provide for the final determination of all matters in relation to individual stations.

That is the point that is causing me concern. I think I intimated last night that I understood the minister's objectives and what he was seeking to do, but I find myself in great difficulty in dealing with this clause. Notwithstanding what the minister said about the draftmanship of clause 10, I respectfully submit that it does not do the things that he has expressed himself as wishing to do. Indeed, it causes considerable alarm because the board is given the power to meddle in detailed matters concerning individual stations. That is the point I wish to make and which is concerning me. If it does that, then it comes immediately and directly into conflict with the C.B.C. which is operating the publicly owned stations. It is not the part about regulating networks that is bothering me at all, but rather the power to interfere in matters concerning individual stations as such. I should like to have the minister's comment on that point.

Mr. Herridge: I am tempted to rise, Mr. Chairman, because in looking at the minister I have come to the conclusion that he is almost persuaded. I wish to support the amendment moved by the hon. member for Port Arthur and his explanation in regard thereto. I am not going to repeat what he said. We fully realize that if the amendment is accepted by the minister, and I see us getting closer to our objective as the minutes go by, there will have to be one or two other amendments in part II to give effect to this amendment, but we can deal with them later provided we can persuade the minister that this amendment is necessary.

In that connection I want to read one paragraph from a press release issued yesterday by the Canadian broadcasting league. The minister knows that this organization is composed of people who have taken a very serious interest in Canadian broadcasting policy over a long period of time. This is what they have to say:

> The Canadian broadcasting league has carefully considered the new broadcasting bill. The league welcomes the government's statements on the intention of the new legislation. It welcomes also the fact that the bill preserves the Canadian Broadcasting Corporation, and appears to provide for a single national broadcasting system under the control of a large representative board of broadcast governors. The league believes, however, the bill should make this principle absolutely clear by two additional provisions: First, the board of broadcast governors should be explicitly charged with the duty of reporting on the whole of broadcasting in Canada, public and private. Second, the C.B.C., as part of the single national system, should report to the board of broadcast governors. We hope these points will be cleared up during the debate.

I am not going to take any more time. I wanted to bring that paragraph to the attention of the minister and the committee. In view of the amendment moved by the hon. member for Port Arthur and the proposals made by members of the official opposition I would urge the minister to give further consideration to the amendment of this clause to give effect to the wishes of those who are seriously concerned with making certain that the minister attains his own objectives with respect to the purposes of the bill.

Mr. Crestohl: Mr. Chairman, perhaps the minister is letting a number of questions accumulate and will answer them together. I am concerned about the phrase in line 20, "for the final determination of all matters". I draw the minister's attention to the fact that clause 10, consisting of about 9 lines, is all one sentence. It is an unusually long sentence, and I have some apprehension when that long sentence is wound up with the words that the board shall "provide for the final determination of all matters and questions in relation thereto".

I wonder whether the minister, who is a well known solicitor, thinks that under this clause, if there is dissatisfaction it might be difficult for that person to refer the matter, as is the inherent right of everyone, to the courts. Does he not think those words "for final determination of all matters" would be difficult to overcome unless some provision is made to allow any citizen who is displeased with any part whatever of that long sentence to have full recourse to the courts?

Mr. Nowlan: The general intention indicated by all those who have spoken in favour of this amendment, Mr. Chairman, is in agreement with the attitude of the government. There is no question whatever but that it is intended to operate this board and the Canadian Broadcasting Corporation in the public interest, and that surely does not have to be spelled out. It is implicit in every section of the bill and in everything I and the other members of the government have said on this bill.

As I said earlier, I am not prepared to accept the responsibility for changing the clause at this time, a clause on which a good deal of time was spent by a very, shall we say, careful draftsman. I could go further than that, as the hon. member for Ottawa West well knows. The government cannot accept

this amendment, although it certainly accepts the intention implicit in it.

In so far as the hon. member for Ottawa West analysed the clause, I am inclined to accept his analysis, at any rate the first part. In so far as objects and powers are concerned, I am not sure where objects leave off and powers begin. This is a general statement. I would not want to go as far as he did in his description of it, and he could not expect me to accept that. However, this is a general statement of intention. I cannot accept at all the statement of the Leader of the Opposition that it is purely negative, because after all you have to read this general statement with the powers set forth in clauses 11, 12 and 13. There is certainly nothing negative in those. There are powers to initiate and all sorts of powers. When you spell out those powers and take them in addition to clause 10, I think you will have everything this committee requires in so far as protective measures are concerned.

As I said yesterday, and as is axiomatic, it does not make very much difference what words you have in these clauses so long as you have personnel appointed who are going to see that the measure is administered in accordance with the intentions. If they are going to administer this in the national interest, then the public is going to be protected. You can have all the safeguarding sections in the world, but if you have administrators who take a careless attitude it will not do any good. I believe, and the government believes, that this clause 10 does spell out, in general terms followed by succeeding clauses, that broadcasting will be in the national interests of Canada. We have to ask the committee to accept clause 10 as it is presently drafted.

Mr. McIlraith: The last question I raised related to the fifth power given to the board under this clause, that the board shall provide for the final determination of all matters and questions in relation thereto. Bearing in mind that the board can deal with individual stations, I wonder if the minister would address himself to that point; because as I see it, the board is given the power to go into activities and the determination of questions in relation to individual stations. That would be directly in conflict with matters which would be regarded as normal and proper activities of the C.B.C. I wonder if the minister would address himself to just that aspect of the matter.

Mr. Nowlan: It may be that these words are capable of the wide interpretation the hon. member has given them, but it is certainly not the intention of the government. I point out to him, as he undoubtedly knows, that when he speaks of a network operated by the C.B.C. you have first the publicly owned stations, which are owned by the C.B.C., and then you have various classes of affiliates, some who asked to be affiliated and some who have been ordered, shall we say, to be affiliated. There are various categories there, the details of which I have not got but which I will have when we come to the second section of the bill.

Reverting to the suggestion made by the hon. member for Ottawa West, I may say I thought it was improper to have the officers of the C.B.C. sitting in front of me to deal with this part of the bill so far as the board of broadcast governors is concerned because they are strangers, so to speak, to it. So far as the C.B.C. is concerned, when we come to the second part dealing with it, then with the committee's consent I intend to have officers of the C.B.C. here so that any questions dealing with the corporation can be answered at that time. If there is the implication that the hon. member reads into that section, it is because of the various classes of stations which are affiliated with the C.B.C. The hon. member will also notice that the board has the power, at the request of a station and after a public hearing of which the C.B.C. has been given notice, to permit the station to withdraw from that affiliation.

Mr. McIlraith: Perhaps I could clarify my point for the minister. My concern was not with this power as it concerns networks or groups of stations, but as it concerns individual stations. That was my concern.

Mr. Nowlan: There are individual stations within a network, and various categories of stations. A subsequent clause gives them the right, if they wish, to withdraw. There has to be some control over these stations.

Mr. Pearson: Incidentally, may I mention a small matter. I do not think I used the word "negative" in my description of this paragraph at all. Someone else may have done so. The clause says that the board shall regulate the activities of public and private broadcasting stations in Canada and the relationship between them. I do not know whether or not this point was brought up in the previous discussion, but my non-legal mind was not able to follow all its ramifications. Does this clause mean that the board shall regulate the relationship between separate private broadcasting stations and not merely the relationships between private and public stations, that is the relationship between stations within each category?

Mr. Nowlan: I think the intention is to regulate public and private stations and their relationship to each other. I do not believe

the board would, except in so far as there was an infringement or a matter affecting a particular regulation, act as a judge or adjudicator on matters affecting two private stations, unless it came within the scope of the next three sections.

While I appreciate the attention which has been given to clause 10, because it is a general statement, frankly I think most lawyers in this house would agree privately that clause 10 is not operative except as it is interpreted by the three succeeding clauses, which in my opinion are the heart of the bill from an operative standpoint.

Mr. Pearson: The minister is satisfied that the language in clause 10 could not be used for the purpose of regulation as between separate private stations?

Mr. Pickersgill: I wonder if the minister is quite sure about that, because an example of one kind of situation which does arise between private stations has been drawn to the minister's attention, I believe, in this house. This case concerned stations, somewhat remote geographically from one another, which had almost the same wave length, and this resulted in a real conflict between the private stations. I would apprehend that the board would have power to deal with that; or would it come within the purview of the Department of Transport?

Mr. Nowlan: Without any question I would think that would come within the purview of the board. As I explained to the Leader of the Opposition, I was very careful to say "subject to the specific powers set forth in the next three sections". Anything which arises in the following sections generally—I will not say "anything" but generally—would come within the purview of the board for adjudication. All these matters, I would think, would be dealt with generally by the board.

Mr. McIlraith: Bearing in mind the minister's answer to the Leader of the Opposition, Mr. Chairman, if you look at line 18 you find this language. The board shall—

> —regulate . . . the activities of public and private broadcasting stations in Canada and the relationship between them.

He will note that from the way in which it is now drafted, "between them" relates to "stations". If he wanted to do what he just expressed to the Leader of the Opposition, should he not repeat the words "broadcasting stations" after the word "public" and before the word "and" in line 18, so it would read:

> The board shall . . . regulate . . . the activities of public broadcasting stations and private broadcasting stations in Canada and the relationship between them.

"Between them" would obviously then relate to the two groups of stations as opposed to the individual. That was one of the difficulties that concerned us.

The Chairman: Order. The hon. member for Port Arthur moves—

Mr. Caron: Before the question is put to the committee, Mr. Chairman, I want to ask a question of the minister. Is this clause 10 to be prepared just for those who have legal training? It is hard to understand for one who has not such training. In my opinion the amendment seems to be easier to understand for those who have not legal training. The discussion between the hon. member for Ottawa West and the minister, both of whom are good lawyers, seems to be comprehensible; but when we come to read it, those who have not the training do not seem to understand this clause 10 as clearly as we understand the amendment which appears to accomplish the same purpose.

This is why I do not understand why the amendment was not accepted. It does not seem to have any very important change in it, but it seems to be much clearer for the balance of the people in Canada when they come to read it.

Some hon. Members: Question.

Mr. Nowlan: I accept the statement that the intention is the same, either with respect to the other amendments or the one that is now before us, except that the clause provides for final determination and also provides what I think is more important for ensuring the continued existence of the system. The difference between them may not be so very great. The hon. member for Hull says this is a legal argument. The hon. member for Ottawa West refers to this as a sort of platitude. I therefore do not think that perhaps legal questions are so much involved in any event.

In any case, I stand on the explanation I gave at the beginning. This is a section which has been very carefully drafted and has been reviewed over and over again by the draftsman. I am not prepared to take responsibility myself for accepting an amendment to it, even though I think the amendment is of the same tenor and the same spirit. Nevertheless the legal implications, as the hon. member for Ottawa West and others know, can be different. We therefore must ask the committee to accept the section as it is now before it.

The Chairman: Order. The question is as follows: The hon. member for Port Arthur moves:

That clause 10 be struck out in its entirety and the following substituted:

The board is charged with the supervision, regulation and control of all broadcasting in Canada in the public interest. The board is to ensure the provision of a varied and comprehensive broadcasting service, on a national basis and with a high standard and a basically Canadian content and character; and it is to examine the activities of public and private broadcasting stations in Canada and to determine the relationship between the private and public stations.

Before I put the question I should inform the committee that it is the opinion of the Chair that the proposed amendment is irregular in this sense, that you cannot delete a clause by means of an amendment. This clause should be negatived before inserting a new one. In support of this proposition I believe that Beauchesne should be read, citations 402, 404 and 408. In clause 402, subparagraph (1) we find the following:

(1) In committee all the clauses of the bill are considered before any new clauses are brought up and added to the bill. But this practice is not rigorously followed and the committee is generally guided by what is most convenient in each particular case.

In this particular case I believe that for the sake of expediency the question should be put to the committee.

Amendment negatived: Yeas, 28; nays, 86.

Clause agreed to.

On clause 11—*Regulations.*

Mr. Pearson: Mr. Chairman, we shall have some specific proposals with regard to the subsection and perhaps some amendments. However, there are one or two general observations on the whole section that I should like to make to the minister, and perhaps he will be able to enlighten me on one or two of the points I am going to raise.

This section, with the following section 12, I take it is the one which will implement section 10 which has relation to the objects and purposes of the bill. As I understand it—and the minister will correct me if I am wrong—this section, indeed the bill itself, does not provide—as have all previous broadcasting bills and as various commissions dealing with broadcasting have recommended—that the C.B.C. shall have control over the operation of even its own network. I take it that this section takes away from the C.B.C. and gives to the new board the power to determine the amount of time affiliated stations should be required to use in broadcasting C.B.C. network programs.

The Fowler commission had something to say on this very important point on page 120 of its report, and I quote from this report because it has a very definite bearing on this clause. The report reads:

Once a network has been established and the affiliation of private stations with it has been approved, the operation of that network should be the exclusive responsibility of the C.B.C., subject only to the general supervision of the board of broadcast governors. The C.B.C. should have the power to prescribe the periods to be reserved by any private affiliated station for the broadcasting of programs produced or obtained by the C.B.C. The C.B.C. should have full authority to get programs forming part of the national broadcasting service out across Canada, over both C.B.C. and affiliated private stations.

And further:

We think that, as in the past, the C.B.C. should have the necessary authority to operate the national television and radio networks it has been authorized to establish.

As I read it, this clause takes away from the C.B.C. authority over its own network. The Fowler commission, also I think on page 120, recommended that the C.B.C. should have power—and someone has to have that power—to decide when a program is of such national importance that it should be carried by all the private stations, and I should like to ask the minister whether that has been changed also by clause 11.

Mr. Nowlan: Clause 11, the power to make regulations, includes, as the Leader of the Opposition has pointed out, power to determine the minimum broadcasting time to be reserved for network programs by any broadcasting station operating as part of a network. The board of governors undoubtedly has power to make regulations in such a matter, and generally to prescribe the terms and conditions for the operation of broadcasting stations as part of a network, and all the rest of it.

We shall come to the network in a short time, I hope, and there the powers are specifically spelled out. No change can be made in any network in which the C.B.C. is interested, or to which it is affiliated, without a public hearing to which the C.B.C. is invited and at which the corporation is given an opportunity to be present. There are three powers with respect to networks: first, compelling a station to come into a network, making it a condition of getting a licence that it shall become part of a network; second, taking a station in operation and compelling it to become part of the network; and third, providing that the board may at any time upon the application of a licensee revoke or amend the condition after a hearing.

Mr. Pickersgill: Subclause (d) of clause 11 provides that the board may make regulations:

—respecting the proportion of time that may be devoted to the broadcasting of programs, advertisements or announcements of a partisan political character.

I should like to say at once, in order that the question may be before the committee, that I wish to move an amendment to this clause which would read as follows:

That section 11 (d) be amended by deleting all the words after "progress" and adding: "of a partisan political character, the same regulations to apply to each individual station, whether privately or publicly owned."

I should like at this point to say a word or two about this proposed amendment, because I want hon. members to be well aware of what I intend the effect should be. It would mean that the same regulations with respect to compulsory broadcasting for political purposes would apply to private stations as apply to public stations.

It seems to me the justification for this is that the whole of the broadcast area is a public domain. The private stations have franchises but they do not have any absolute property, as the minister knows; and it does seem to me that it is in the public interest, particularly in the television field, in view of the fact that there are public stations only in five or six places in Canada and private stations elsewhere, that the same rules should apply in both.

That is not the case now. It has not been the case during the last two elections, and that situation has led to some very bizarre results. I am not going to waste the time of the committee by enumerating them. However, there is another and more serious problem in this field. I think every member of parliament of whatever party must be concerned about the growing cost of elections in this country, the growing sums that political parties and candidates have to raise by one means or another—and I am not going into that—in order to get themselves elected. And it does seem to me, further, that here we have a part of the public domain, something which belongs to the whole of the people of Canada, and one over which this parliament has jurisdiction.

While I have never been completely satisfied with the apportionment of the time allotted by broadcasting and television stations—I do not think any political party has been completely satisfied—I have never thought that it was grossly out of proportion. However, if we were to apply the same rules to both public and private stations that would eliminate the undesirable competition which now goes on during election periods to buy up great quantities of time, boring the listeners in many cases and increasing, to no one's real advantage, the already far too high cost of elections.

An hon. Member: Don't you take well?

Mr. Pickersgill: I am told there are people who are worse. I really do not fear this competition myself. All I am worried about are the bills that come in afterwards, and I think that is a common experience in this house. If we had one set of rules applying to both public and private stations there would be a great and immediate reduction in the cost of elections, a reduction which would be very much in the public interest and which would not be contrary to the interests of the stations, either, because my experience is that many of these radio stations do not like to have their normal programs disturbed to the extent they are disturbed during election campaigns by these competitive political programs.

I do not know too much about it, but I am told the stations charge much higher rates on that account than they charge to other clients, because it is temporary business; and I think we would all say "thank God for that". But here is something we could do in a completely non-partisan way which it seems to me would be good for parliament and good for the country.

I am putting this forward in as non-contentious a way as I can. It may be that the minister would prefer to have stand this amendment for a little while, and that in the meantime he would wish us to go on to consider other aspects of this bill, because I admit no advance notice of it has been given, and this is a very important subject. Nevertheless, it does seem to me that no one in any part of the committee would suffer any disability, that the broadcasting interests both public and private, would suffer no injury, and that it would conduce to a better atmosphere and a better standard of public life.

The Deputy Chairman: Is the house ready for the question?

Mr. Nowlan: Mr. Chairman, perhaps in fairness to the hon. member I had better say something. This matter received a great deal of consideration by the various people who were working on this bill over a period of months. The hon. member knows pretty well who many of those were. Personally I think that it is unfortunate it is in here at all. I do not think the board of broadcast governors should be responsible for the allocation of political time. Consideration was given to various amendments.

I do not know how many hon. members know this, but under the C.B.C. regulations

as they apply today if there happens to be a town council by-election in Wolfville or Port Alberni, then the C.B.C. is not supposed to broadcast political programs for three days prior to that by-election although there may be a provincial general election in Ontario. That is the existing regulation which has application to federal, provincial or municipal elections. The thing is just silly.

I do not believe the board of broadcast governors should be saddled with dividing or allocating this time any more than the C.B.C. should have been in the past. After a great deal of discussion we felt it might be allowed to stand this way; the elections committee of the House of Commons would be set up in the relatively near future, and that would be a much better forum in which to discuss this question and arrive at some solution with respect to political broadcasts and so on, rather than attempting to deal with it by way of amendments or by a board outside the control of parliament. That is why the regulation is as it is at the moment. I would suggest that the hon. member withdraw his amendment and allow the matter to stand over until next year, when something really has to be done about the whole problem.

Mr. Pickersgill: Mr. Chairman, before I make any decision on that point I should like to ask the minister a question. As I read this, and it may be in the same language as the act—

Mr. Nowlan: It is; at least, I am told that it is.

Mr. Pickersgill: Well, I have not checked it and I do not know either. Perhaps I should have checked it before I got up. As I read the clause it says nothing about allocation. I had the impression, which may be quite wrong, that under the Canadian Broadcasting Act the board was expressly charged with the responsibility of allocating time as well. It may be that was done simply by the extension of a phrase such as that contained in this clause; I do not know. It would hardly appear to me that this language by itself would give the board of broadcast governors power to allocate time as between parties, for example.

I am a little perturbed as to whether we are going to leave a gap in the law here in this statute, because we are repealing the Canadian Broadcasting Act which gives that body the power to allocate time, and in this bill we do not seem to make such a provision. I can find nothing in the bill to that effect, although the minister may point out that I am wrong. We are repealing that provision of the existing law and in this bill we have put nothing in its place. That would be a very serious step for this parliament to take, because it would mean no one would have that power until there was further legislation. I do not think any of us anticipates a federal general election between now and the next session of parliament, and much as I would like to see a change of government I do not feel I would be in favour of a general election at this time.

Mr. Green: You might lose your seat.

Mr. Monteith (Perth): You might be decimated.

Mr. Pickersgill: However, it might very well be that before the next session of parliament a general election would take place in one of the provinces. I would think we would be acting in a rather irresponsible fashion in this chamber if we were to repeal the present law respecting the allocation of time and put nothing whatever in its place. I wonder if the minister would give some consideration to that point.

Mr. Nowlan: I should like to take a second look at that. We will let it stand for the moment.

Mr. Pickersgill: I should like to have my amendment stand for the time being, until we see what is the situation.

Mr. Nowlan: Under the existing law the power concerning allocation of time is contained in section 21, subsection 1 (e) of the Canadian Broadcasting Act, which reads as follows:

> The corporation may make regulations—
> (e) to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the corporation and by private stations, and to assign such time on an equitable basis to all parties and rival candidates.

I know there was a great deal of discussion while the drafting was going on about the unpleasant task of allocating time as among the parties. They wanted to avoid that, and that portion was struck out. I will check with the officials on that score.

Mr. Pickersgill: It is an unpleasant task, Mr. Chairman, but someone has to do it; and until parliament prescribes some other method I feel we should put back the language that is in the Canadian Broadcasting Act. Perhaps the whole clause could stand for the moment.

Mr. Nowlan: Yes, it could stand until after one o'clock, and in the meantime I will speak to the officials.

Mr. Fisher: If things are as the minister stated in regard to Port Alberni and Wolfville, why did he leave clause 17 (d) as

it stands? As to his suggestion that this be considered by the committee on elections, I believe that could be quite unfair from the point of view that we have C.B.C. provincial networks. As the minister may be aware, our committees represent the general proportion of the house so far as parties are concerned but there may be some places in Canada where the C.B.C. has provincial networks where this proportion would not exist at all, reflecting the provincial set-up. If the committee of this house has the power to do things of this sort, it would have the power to work against the political situation in a province that is not reflected in this house at all. I wonder how much the minister has thought about turning over to the committee on elections of this house the determination of both the character of political programs and the amount of time and the allocation of time?

Mr. Nowlan: The thinking was more negative than positive. The thought was that we did not want to start fundamentally changing the law with respect to political broadcasting in this bill because we might be tied up for a week on a discussion of all sorts of suspect motives which might be alleged. The thought came to us that probably referring it to the committee would provide a better medium, although frankly I never thought of the point the hon. member just raised, at least in so far as federal broadcasting is concerned. Referring it to the elections committee was a very good excuse for not trying to cope with those clauses at the moment but to bring forward the sections from the old act into the new bill for the time being.

Mr. Fisher: I wonder if I could direct a question to the hon. member who moved the amendment. Is it his intention that the amendment should put the private stations in exactly the same sort of situation at election time as exists in the C.B.C.; that is, that there will be a division made by some central place of the amount of time the private stations shall allocate to the various candidates? If that is so, how does he propose to reconcile the fact that the C.B.C. divides the time roughly in proportion to the number of candidates, the number of votes and that sort of thing, whereas in a private station you get the amount of time for which you are able to pay? It seems to me you have two things in conflict there, and I am wondering about the intent of the amendment.

Mr. Pickersgill: I do not know if this is a regular proceeding, Mr. Chairman, but since the question interests all of us I might reply in part. The hon. member put his finger on it at the very end of his statement; it is the amount which you pay. In moving this amendment my thought was that there should be nothing more paid for time on private stations than could be paid for time on public stations, and that whatever regulations apply would apply uniformly to public and private stations. There are certain areas in this country where we have only public stations, and where local broadcasts are given during election time. There would obviously have to be different regulations for the broadcasts of the national political parties and of the individual candidates; that is quite obvious.

I have not worked out a scheme in any great detail, though I have given an enormous amount of consideration to the subject. I am not going to trespass on the time of the committee by giving my views on it at the present time. I feel that this is the public domain and that it should not be necessary for members of parliament or political parties to pay any more for time on private stations than on public stations.

Mr. Fisher: I quite agree with the latter part of the hon. member's remarks, Mr. Chairman, but 1962 is an election year which this particular group is looking forward to with a great deal of anticipation.

Some hon. Members: Oh, oh.

Mr. Fisher: We feel that for the first time in that election we shall have the money to play an equal part in buying time on private stations.

Mr. Hees: Where are you going to get it?

Mr. Pickersgill: Is this what the hon. member means by his championship of small business?

Mr. Crestohl: Mr. Chairman, I understand that the proposed amendment has been allowed to stand. If that is so, I wonder whether the minister would care to comment on paragraph (b) of section 11, dealing with standards of programs. It is a serious matter and the hon. member for Port Arthur, for example, attempted to illustrate it. What yardstick will the board of governors use to establish those standards? Will there be a board of censors created; will there be a board on morals; will there be a board of artists and musicians? I would appreciate it if the minister will inform the committee what yardstick, what basis, will be used for establishing the standards of programs as envisaged in section 11, paragraph (b).

Mr. Nowlan: I cannot answer that question, Mr. Chairman, except to say, as has been said time and time again, that we propose and hope to choose Canadians, men and women across this country, representing the

nation as a whole, and it will be left to their judgment as to what standards will be set. I certainly would not think we would ever reach the time when there would be censorship imposed except that which is imposed by the good taste and good judgment of relatively average Canadian citizens across this country, though it is always a threat, as I gathered an offer was made last night which was stopped because of the violation of the rules.

I thought it was rather a unique situation that the Leader of the Opposition and the others who were here were very ably contending that we may be threatening to interfere with the C.B.C. in some way, and another hon. member followed by attacking me because I had not imposed censorship on the C.B.C. This is a problem you always have when people who feel it is justified are looking for censorship. Perhaps it is justified. Once you accept that for one thing which you think is right, somebody else may come along and ask for something which you think is wrong, and freedom is gone completely.

I do not think censorship should ever be imposed, and I am quite certain that any board which this government chooses would not be one which would want to impose censorship in the language which the hon. member used.

Mr. Pearson: I do not think anyone on this side last night or on any other occasion ever advocated censorship of the C.B.C. One member, the hon. member for Port Arthur, did advocate in very strong terms that the C.B.C. itself should use better judgment in the selection of a particular program in the interests of better relations between Canada and the United States.

Mr. Nowlan: If I followed him, he criticized me.

Mr. Pearson: He criticized the C.B.C. for a particular program. I want to make it quite clear that no one on this side would advocate any kind of censorship on the C.B.C., of the kind mentioned by my hon. friend. The point, however, is a very valid and very important one. What are the standards which are to apply? I know the difficulty the minister is in, and we too would be in were it our responsibility.

Before I sit down I wish to go back to the minister's reply to my earlier statement. I want to be quite certain in my own mind that I understand exactly what he said. Perhaps he will tell me whether I am right in my understanding of what he did say. My understanding is that the minister has now said that the exclusive responsibility of the C.B.C. for its own networks, something which was recommended by the Fowler commission, has now been altered and it is now subject to the control of the board of broadcast governors. At least in some respects that exclusive responsibility of the C.B.C. for its own networks has been altered.

I also understood the minister to say—it did not deal with my questions specifically, but I think it was implied in what he said—that it will now be the board of broadcast governors and not the Canadian Broadcasting Corporation who will decide that a program is of such national importance as to be carried by any private station. I take it that is a correct understanding of what the minister said in reply to me some time ago.

Mr. Nowlan: Subject to the sections to which I referred, I think that is a correct statement, Mr. Chairman. The C.B.C. comes under the general powers as enumerated in part I of the bill; but it should also be pointed out to start with that the C.B.C. takes over the new corporation, call it the board of directors if you like. It takes over, shall we say, holus bolus all the regulations, all the networks, everything which was established by the C.B.C. prior to the proclamation of this legislation. That will be taken over by the C.B.C. in its entirety and then changes may be made afterwards, if at all. They start with everything I have promulgated and everything which is a part of their system.

Mr. Pearson: I would like to ask the minister another question which I think is of considerable importance. It represents, as I understand it, an exact reversal of the situation we have been discussing and have been asking the minister about. I refer to a situation where the C.B.C. did have certain powers which the proposed board of governors does not have. I can find nothing in this section, or indeed in the bill, which would give the proposed board the power which I think the C.B.C. now has to prevent stations from becoming members of networks operated by persons or governments outside Canada. As I read this bill, it will be possible under it, and I do not think it is possible at present, for a private station or a group of private stations to associate itself or themselves with networks or stations in the United States and broadcast—if I may use the expression—on the cheap by the use of United States program material. If that is the situation under this bill, and if this bill does not provide in section 11 or in some other section adequate guarantees in that respect, then we propose to move an amendment; but before we do that I would like to

hear whether my understanding is right. Perhaps after 2.30 the minister might enlighten us on this point.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: Has the minister given any further consideration, not so much to the amendment I moved to clause 11 (d) as to the gap in the legislation?

Mr. Nowlan: I discussed the so-called gap in the legislation with some of the C.B.C. officials during the lunch hour. The gap to which the hon. member refers is found in the words "and to assign such time on an equitable basis". I am told that as a matter of practice that has not been done for some years by the C.B.C., and that it has been impossible to enforce it. I am told that they have brought those concerned together and tried to work out some agreement, but there is the difficulty of political parties and the difficulty of political groups, some of which may be parties and some of which may have had substantial representation but have now lost it. Altogether it was felt that it would place an intolerable burden on these officials to attempt to assign the time. I have no objection at all to the amendment in principle, but I simply say that as a matter of practice it has not been done for some years and the officials frankly think that it cannot be done.

Mr. Pickersgill: The minister is speaking from hearsay but I can speak from something more than that, because I took part in the negotiations respecting the 1957 election on behalf of the Liberal party. I can say not from hearsay but from my personal knowledge that it was not possible to reach complete agreement on that occasion, as it was not possible before the 1957 election, and in fact the C.B.C. did eventually assign the time. I do not say they would need to use the power, but it seems to me that the power should be there in case it should be necessary to use it. Therefore I think the minister should consider putting back in for the time being the words that were in the previous statute, until parliament can do something else about it.

Mr. Nowlan: I am prepared to accept that, Mr. Chairman.

The Deputy Chairman: It has been moved by Mr. Pickersgill that section 11 (d) be amended by adding the following words: "the same regulations to apply to each individual station, whether privately or publicly owned."

Mr. Pickersgill: On this point, Mr. Chairman, in view of what the minister has just said and in view of the opportunity we have had to air the matter, if the minister were prepared to give the assurance that at the next session of parliament the whole question of political broadcasting would, on the initiative of a member of the government, be remitted to the committee on privileges and elections for study with a view to making recommendations as to suitable legislation, because this is not the kind of legislation the government should design—

Mr. Nowlan: I am perfectly prepared to do that. I felt that I could not accept the amendment in the words in which it was phrased.

Mr. Pickersgill: I recognize that. I should like to finish what I was saying. As far as my personal convictions are concerned, I believe this is a sound amendment; but I do think I would be subjecting myself and any of my friends who voted for it to the same kind of criticism to which we are subjecting the government over this bill if I were to press it at this stage. It does seem to me that this is a very big and complicated subject which should be properly studied by a committee before the law is changed.

Having accomplished the purpose I had in mind of having the subject aired, I would be quite prepared, if the committee is agreeable to my doing so, to withdraw my amendment on the understanding the minister has already given us, that he or some other member of the administration will take the initiative at the beginning of the next session of parliament, and not in its dying days, to bring the whole question of political broadcasting before the committee on privileges and elections for study and report, and on the further understanding that the minister will move an amendment to this clause to put back the provision for the assignment of time.

Mr. Nowlan: Yes. I will have one of my colleagues move that the words "and to assign such time on an equitable basis to all parties and rival candidates" be added to subsection (d).

The Deputy Chairman: May we get rid of the first amendment? Is it the pleasure of the committee that the hon. member be permitted to withdraw his amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

The Deputy Chairman: May we have the minister's amendment in writing?

Mr. Hamilton (Notre Dame de Grace): I move:

That the following words be added to clause 11, subsection (d): "and to assign such time on an equitable basis to all parties and rival candidates."

Amendment agreed to.

The Deputy Chairman: Shall clause 11 as amended carry?

Mr. Pearson: No, Mr. Chairman. I wonder whether the minister has had an opportunity to look into the matter I brought up just before lunch hour, when I tried to point out that the power which I understood the C.B.C. has to prevent private stations affiliating with United States networks or stations, except for a special program, has not been transferred to the board of broadcast governors. I understand that there were certain stations, before the C.B.C. came into existence, which did have such an association or affiliation, and that was not interfered with; but when the C.B.C. came into existence it did not permit that kind of association with United States networks, except for single programs of national interest. I certainly would hate to do anything that would prevent, for instance, broadcasts of the world series.

However, I do not find anything of that kind in this clause or any other clause of the bill, which transfers that particular authority of the C.B.C. to the proposed board of broadcast governors; therefore presumably that kind of association or affiliation could take place.

Mr. Nowlan: I have not found the particular clause to which the hon. member refers. I think it was done by regulation under the C.B.C. and those same powers of regulation are transferred to the board of broadcast governors today. When we go on through clauses 11, 12 and 13, particularly 13 dealing with network programs, you will find that no network, in any way, shape or form can be operated, and no station can join a network, without specific approval of the board of broadcast governors. Although the C.B.C. will not have that power in the future, it will be vested completely in the board and will be exercised by that board.

Mr. Pearson: So that in a sense the new board will have exactly the same authority as the C.B.C., if not in law then at least in practice?

Mr. Nowlan: That is right.

Mr. Carter: Paragraph (f) gives the board the power to compel licensees to broadcast network programs of public interest or significance. Does that mean that the board can compel private stations to incur a loss in carrying these programs, or are they recompensed from public funds?

[The Deputy Chairman.]

Mr. Nowlan: The board will have the power to compel stations to carry programs of public interest.

Mr. Carter: Yes; but at a loss, or is the loss made up in some way?

Mr. Nowlan: That would depend upon the facts of each case. The board is given the power under this clause to do things on terms and conditions, so it would be possible for the board, if they thought the circumstances warranted it, to make such an order under certain terms or certain conditions. In other words, perhaps the station could be paid if the circumstances justified it.

Mr. Crestohl: Subclause 2 again refers to a licensee. Yesterday the Leader of the Opposition asked the minister whether or not the definition of licensee was complete. I wonder whether the minister could tell us if a licence will be required other than under the Radio Act, because this is the Broadcasting Act. If the word "licensee" is intended to cover both acts, it should be stated that a "licensee" means a person licensed under the Radio Act and the Broadcasting Act, that is unless no licences are required under the Broadcasting Act.

Mr. Nowlan: The licence procedure is set forth in clause 12, which says that "the Minister of Transport shall, before dealing with an application under the Radio Act", so it is under the Radio Act that the licence is granted and that is why that definition is used in the interpretation section. This clause means a person licensed under the Radio Act. There is no change whatever, in that procedure, I understand, except that under this clause the licence shall be authorized on the recommendation of the board of broadcast governors rather than the board of governors of the C.B.C. Of course the hon. gentleman will appreciate also that there are many other licences such as those to the police and those who operate short wave stations,—that is why we were very chary about dealing with this matter—and all those things are under the Radio Act. We have left the Radio Act intact so far as this bill is concerned.

Clause agreed to.

On clause 12—*Applications for licences to be referred to the board.*

Mr. Forgie: Prior to the last election I was in communication with the chairman of the board of governors of the C.B.C. regarding the television situation in Pembroke, where the reception is very poor. I would like to ask the Minister of National Revenue, because I noticed that the hon. member for Kenora-Rainy River asked a question about this matter yesterday, whether it would not be

possible for us to secure a satellite in the Pembroke area. Reception in the territory from Codben west is exceptionally poor. I saw the warning of the minister that he is not prepared to deal with many of these questions, but I would ask for his sympathetic consideration in respect to this matter.

Mr. Nowlan: In the past the decision has been made by the board of governors of the C.B.C., and it will be made by the board of broadcast governors in the future. I said I had the advantage of knowing something about the satellite expansion program, and so was able to answer the hon. member for Kenora-Rainy River. However, if the hon. member will defer his question until my estimates are before the committee I shall deal with it specifically then.

Mr. Fisher: There is a point in connection with licensing in general, and I suppose it involves policy, which I should like to mention. I wonder if the minister could tell us anything about it. There has been a suggestion that a private television station at Port Arthur may establish its own satellite, somewhat in the same way the Timmins station has established its particular satellite. I believe the people of the area generally would be very pleased with this, but not if that particular satellite, by taking care of one part of the nodal population, will mean that the whole population will not get television service through the C.B.C.

This brings up the point as to who is to make the decision when the C.B.C. should move into a certain area. If this particular station in Port Arthur puts up a satellite down along the north shore it is quite possible, given the power that it could set up in that very good location, that it will take care of the nodal population to the extent of 5,000, which was the standard set by the Fowler commission as being the least number practical from the point of view of setting up a transmitter. However, if the fringe area of this new satellite were to be included in another nodal area to the north, it would give more than a population of 5,000. I just wondered if the minister had any ideas as to how this very difficult matter could be handled.

Mr. Nowlan: I cannot give the hon. member a solution, but I can tell him the mechanics of it. If he looks at subclauses 3 and 4 of the present clause, he will find that we start off with the fact that no recommendation shall be made by the board on any matter unless it has held a public hearing at which the applicant, the corporation and other interested licensees have been given an opportunity to be heard. The first thing is that you have to have a public hearing before you can come to a decision.

Then I draw attention particularly to subclause 4. I believe it was the Leader of the Opposition yesterday who asked me if there was a reference somewhere to the public interest. If you read subsection 4 of this section you find this provision:

> (4) No recommendation to issue a licence shall be made unless, in the opinion of the board, it would be consistent with the purposes of this part and in the public interest to do so.

So in the particular case to which my hon. friend refers the board, after hearing all the parties, will have to decide on the merits wherein lay the obligation in the public interest, and the decision would have to be made accordingly.

Mr. Fisher: In this particular case as to the announcement the minister made a few weeks ago on the C.B.C. plans, they will have to come before this board of broadcast governors before any action is taken. Is that right?

Mr. Nowlan: I would not want to say definitely on that matter. Those plans are in process of fruition now, as I told the hon. member for Kenora-Rainy River. It would depend to some extent when the personnel are appointed and when the board is ready to take over. It may be in October or in November. In the meantime the plans for the C.B.C. for this summer I hope will be fairly well advanced. The new board will, of course, have to take this matter into consideration.

Mr. Fisher: We hope those plans will go ahead. We would hate to see Kenora-Rainy River without its television station, but even there a problem arises. How are communities around Kenora-Rainy River, such as Sioux Lookout or Dryden and places like that, going to be informed or understand the fact that they could make certain presentations which would suggest that the station might be located a little closer to them or have a little more power? Now all we can do in line with that situation is just accept the fact that the C.B.C. in its wisdom and with the advice of its engineers is going to do the best possible chore. It seems to me that the establishment of any of these stations needs to call upon a fairly informed, let us say, public reaction in the area. I am just wondering how that can be done under the present set-up without hearings.

Mr. Nowlan: I do not know how it can be done without hearings. There will be hearings in future under the bill. At the present time I think registered notices go out, and so on. You will see in section 11, which we

just passed, provision that every meeting of the board shall be advertised in the *Canada Gazette* and giving the reason therefor. I certainly realize that the *Canada Gazette* is not the most widely published journal in Canada, but at least it is usually read by newspaper editors and people generally who are interested in public matters. Certainly if a notice appears in the *Canada Gazette* I would assume that all local and weekly papers in the area concerned will make very plain that this hearing is going to take place, and give notice of it.

Mr. Pearson: The minister has called our attention to subsection 4, which provides as follows:

(4) No recommendation to issue a licence shall be made unless, in the opinion of the board, it would be consistent with the purposes of this part and in the public interest to do so.

I should like to ask who can appear at a hearing of the board in order to protect or advance the public interest in respect of this matter. Under section 3 only licensees, as I understand this section, can appear at a public hearing. Licensees are the Canadian Broadcasting Corporation or private stations. Under that section there is no provision for anyone else appearing at a hearing of the board except licensees. Therefore if some association—the radio broadcasting league or some organization of that kind—wished to make sure that its concept of the public interest was voiced at a hearing of the board, how could it be sure under this section?

Mr. Nowlan: There is more than one licensee. You have applicants, whoever they may be, for licences. You have existing licensees. It is not limited to the corporation; it is all existing licensees across Canada and the corporation, which is the C.B.C. This is a public hearing. It will have to be advertised in the *Canada Gazette*.

Frankly I am not sure, but I think there is another section somewhere in which provision is made for the public to be present. Certainly if any decision has to be made in the light of the public interest I think it would follow automatically that a board of this nature conducting such an inquiry would give ample opportunity to be heard to the radio leagues, boards of trade, town councils and everything of that nature. That is why we inserted the clause "in the *Canada Gazette*". Naturally licensees and the C.B.C. could be notified by registered letter, but we wanted to have it on a broader basis than that in order to meet the very point raised by the Leader of the Opposition.

Mr. Pearson: That is true; but under the old act while there was no provision, as I remember it, made for the public to be represented at a hearing in the way you have suggested, there was also under the old act no limitation on those who could appear at public hearings. If I read this section aright, however, such a limitation has been definitely included, because under this section the hearing will be limited to the corporation and other interested licensees. But section 2 defines "licensee" as meaning only "a person licensed under the Radio Act to establish a broadcasting station". No matter how many licensees there are there is no provision for any others than licensees appearing; therefore there is a limitation on the right of the public interested to be represented before the board, a limitation which was not included in the old broadcasting act.

Mr. Nowlan: I have not before me the similar section in the old act, but I can find it. I think the answer to the thought expressed by the Leader of the Opposition is contained in the first clause:

(3) No recommendation shall be made by the board on any matter referred to it under subsection (1) unless it has held a public hearing—

I direct attention to the words "a public hearing". I think it would follow as a matter of law, and it certainly would follow as a matter of practice and common sense, that a public hearing would not be limited to just one, two, three or four parties. Certainly it is the intention, and I have no hesitation whatever in saying this, to include any interested party, and that is the whole basis of it. Perhaps if we had 500 crackpots or something like that, coming in to stall for a month of two, the board naturally would have to use a little reason, but any responsible organization or individuals will be given full opportunity to appear at a hearing of the board before any licence is granted.

Mr. Chevrier: This section is one which falls to the determination of the Minister of Transport. It authorizes the issue of licences under the conditions set out in the section. I am concerned at the moment about two matters. I wonder whether the minister would not give them consideration, or tell me whether they are covered by this section. The first is the assurance that in granting these licences, either for broadcasting or for television, there be a Canadian content in the program. I am sure that is a matter that will commend itself favourably to the minister, but in view of the discussions that took place during consideration of the resolution and prior thereto I think there should be no hesitation in giving the house the assurance that, in so far as licences are concerned, either those which will be granted or those

that have already been granted, the programs shall have a certain Canadian content.

The other point I want to bring to the attention of the minister is that which has to do with association by new stations with networks outside of Canada. The tendency might well be, as I have put it in the house on more than one occasion, for a station that is not operating profitably or for a station that wants to operate more profitably to enter into an agreement with a network outside of Canada whereby it can pipe into this country canned programs which would be deterimental to the culture of our country. I have in mind now particularly stations in the province of Quebec where, because of the particular culture of the people, it would be easy for a station that was not being operated profitably to bring in canned programs from the United States or elsewhere, for that matter, which would have a content which would be detrimental to the tradition and culture of that province.

I am sure the minister would be the last person who would want to see a condition such as that exist, so I summarize what I have to say with reference to these points by asking him if it would not be possible in the granting of licences to add a condition which would provide, first for the assurance of Canadian content in the program, and next for the assurance that no station or network other than the C.B.C. might associate itself with a station outside Canada except in certain circumstances, for instance where a single program is the national interest.

Mr. Nowlan: As far as Canadian content is concerned, the board is given power to deal with the Canadian content of any program, and in clause 10 it is also laid down that the whole object and purpose of the board is to establish a service of high quality which is basically Canadian in content and character. Under the provisions of clauses to which we shall come in a minute or two the board has such power to control the establishment of networks as might be necessary as far as the Canadian content of programs is concerned.

I am not quite sure what the hon. gentleman meant by "having programs piped in", but as he knows there are many stations, not only in Quebec, which carry, shall we say, canned programs of recordings having a minimum Canadian content. I hope this situation can be improved as time goes on. But whether they are recordings or whether they come in by wire, I am sure the hon. gentleman believes, as I do, that the Canadian content should be increased and that we should not allow such things as he has described to happen.

Mr. Chevrier: What is the situation now with reference to the Canadian content so far as the C.B.C. is concerned?

Mr. Nowlan: Perhaps the hon. gentleman could address that question to me when the officials are here, or when my estimates are before the committee. I do not know whether the hon. gentleman is already familiar with this, but the study made by the Fowler commission a year ago shows that the amount of Canadian content is basically unsatisfactory in many situations where many dollars have been made. Sometimes it is in reverse proportion, the more dollars the less the Canadian program content.

Mr. Chevrier: Has the minister given any consideration to making either of these two matters which I have brought up a condition precedent to the granting of a licence?

Mr. Nowlan: No, I have not, except that the board has that power, of course, and I have no doubt that the board will exercise it. Again, this is a matter which I think we will have to leave for the board to decide in its judgment.

Mr. McIlraith: There is one thing I should like to add to the minister's answer with regard to the C.B.C. When applications for new licences are considered the board are quite firm about the content of the program; they examine programming very carefully, and they are very strict about the Canadian content.

Mr. Nowlan: It is difficult to police it.

Mr. McIlraith: They are very thorough, though, concerning new applications. I am not able to say what happens after the stations are in existence, with regard to the content of programs then, but the question is dealt with specifically and firmly when application is made.

Mr. Fisher: The many provisions which have been included on the subject of licences might have indicated what the government thought about the problem which would be facing the board of governors in connection with the establishment of television stations in the richer markets. This will raise many difficulties. I wonder—and here I admit I am fishing for information—why it was not thought fit to put in something more definite as to who should get a licence for a station say in the Toronto area. It seems to me that without any clear instructions the board of broadcast governors is going to be in the devil's own position in determining who should get it. Maybe that is as it should be, and maybe the board is so constituted that it can handle

this problem, but I should like the minister's views because this is one of the crucial questions dealt with by the bill.

Mr. Nowlan: The hon. member said he was on a fishing expedition, but I think the fishing season in Ontario has closed. The procedure is laid down here, but again I think the hon. member and I are at cross purposes to some extent, because he referred before to instructions to the board with respect to regulations and now he has mentioned instructions with respect to the granting of these licences. Certainly the last thing I should want to do would be to take any responsibility with respect to the granting of these licences in any circumstances. That is a matter which will be determined by the board in accordance with the machinery laid down here, and decisions will have to be made by the board in accordance with what they consider to be the public interest.

Here I hope the hon. member is not unwittingly confusing two things. Certain areas are restricted. That has nothing to do with the C.B.C. at all; that is a matter of policy which was decided by the previous government and which has been unchanged by this government. If any change should be made there will be an announcement to that effect.

Mr. Fisher: That announcement would be made by the government?

Mr. Nowlan: Yes.

Mr. Pickersgill: The minister said he would be the last person who would want to have anything to do with the granting of licences. Of course under this legislation he will not have as much to do with it as the Minister of Transport—

Mr. Nowlan: I will not have anything to do with it.

Mr. Pickersgill: But if I read the subclause right, it leaves the final approval to the governor in council, of which the hon. gentleman is a distinguished member. In other words the final decision as to the granting of licences rests with the government. That is quite in accord with the recommendation of the Fowler commission, and I have no criticism to make of that.

However, my hon. friend from Burin-Burgeo, who is detained elsewhere by a meeting I should like to say something about if the rules of the committee permitted it, did raise a question which I think is rather important. We all know that under the present law—and, I assume from my reading of clause 12, under this bill—it is competent for the governor in council to reject a recommendation of the board of broadcast governors. The question the hon. member for Burin-Burgeo asked me to raise is one which the minister may perhaps be inclined to dismiss as academic, but I am not sure that it is academic; I am not sure there is not a loophole here which should be filled in. Let us assume that a licence has been applied for and that the board has considered the application and recommended against it. Could the governor in council, under this legislation, grant that licence if it wished?

Mr. Nowlan: No. My understanding is that the governor in council could not grant a licence unless there was a recommendation by the board. I think that is the practice, and I think that is what was done under the previous board, with one exception of which the former minister is probably aware.

Mr. Pickersgill: I wonder if the minister could remind me of the exception, because I confess I do not recall it.

Mr. Nowlan: Possibly the hon. gentleman was away in Newfoundland at that time. It was in connection with one licence which was granted, I understand, against the recommendation of the board.

Mr. Pickersgill: But the minister is quite satisfied that this would not be legally possible? I am not saying that the governor in council would be likely to do it, and I did not know that such a thing had ever happened. But if it could happen we should surely guard against it.

Mr. Nowlan: I think the machinery is well established that the licence is granted on the recommendation of the board of broadcast governors. I do not think it necessarily follows that the governor in council is obliged to accept that recommendation. He might exercise a veto and say, "Go back and make another recommendation".

Mr. Pickersgill: I am not questioning that at all. What the hon. member for Burin-Burgeo was concerned about was this. These licences are applied for through the Department of Transport. Presumably they go from there to the board of broadcast governors and back to the department. I imagine the Minister of Transport does not bring them to the governor in council at all if the board does not recommend them, but I am still not quite convinced from reading the clause that it would not be competent for the Minister of Transport to bring them to the governor in council and for the governor in council to approve them if it saw fit to do so. I would think that would be an undesirable possibility to leave in the statute.

Clause agreed to.

On clause 13—*Affiliation with C.B.C. network at time of issue of licence.*

Mr. Pearson: Mr. Chairman, a few moments ago the minister said in regard to the issue of a licence that he did not like the idea of laying down conditions precedent in a bill. I am not quarrelling with that, but I notice that in subclause 1 of clause 13 the board may recommend that a licence be issued subject to the condition that the licensee shall operate the broadcasting station to which the licence relates as part of a network operated by the corporation. I am not objecting to that condition, but somewhere in this bill I would like to see—and I have raised this question before, as have other hon. members on this side of the house—a condition of that kind in reverse; in other words, that there be a similar condition either in this paragraph or some other place in the bill which would be to the effect that the licensee shall not operate a broadcasting station to which the licence relates as part of a network operated outside Canada. If we can lay down a condition to the effect that it must operate as part of a network in Canada, surely as a means of protection we can lay down a similar condition that a licence shall not be granted except on condition that the broadcasting station will not be operated as part of a network owned outside Canada. Does the minister not agree that it would be desirable somewhere in this bill to state that it would include this condition precedent, just as we now have the one contained in this clause?

Mr. Nowlan: I think that is desirable, but I believe it is covered by the bill. I do not like to be leapfrogging ahead but clause 14, though it does not specifically say it must be in Canada, specifically spells out the fact that a licence can be granted for a network or a station only to a person who is a Canadian citizen.

Clause agreed to.

On clause 14—*Applicant to be Canadian citizen, etc.*

Mr. Pearson: Mr. Chairman, when I first read paragraph (b) of this clause I thought there must have been a printer's error.

Mr. Nowlan: Yes, it looks that way at first glance.

Mr. Pearson: It now reads:

(b) a person lawfully admitted to Canada for permanent residence who, since being so admitted, has been ordinarily resident in Canada for a period of not more than six years.

If that person, not a Canadian, resides in this country for five years, or even four, three, two years or one year, he qualifies for the issue of a licence; but if that foreigner in this country resides here for longer than six years he will not qualify. Is that not the situation?

Mr. Nowlan: No, Mr. Chairman. With respect, I believe the Leader of the Opposition has misconstrued it. The applicant has to be a Canadian citizen. I admit that when I first saw this clause I thought it was a typographical error, but this is an indirect approach without spelling something out. That is what it amounts to, to be perfectly frank. I believe the former minister of citizenship and immigration knows exactly what is involved in this. The paragraph reads:

(b) a person lawfully admitted to Canada for permanent residence who, since being so admitted, has been ordinarily resident in Canada for a period of not more than six years.

In other words he has to be here six years but not one, two or three years as the Leader of the Opposition suggested. The theory of that is this. Under the law a person lawfully admitted can become a Canadian citizen. He has to be a resident of Canada lawfully admitted for five years; the former minister of citizenship and immigration can correct me if I am wrong. Then he may become a Canadian citizen. We have added one more year and said, "If you are here six years and have not become a Canadian citizen, you do not deserve a licence. You should take out your citizenship." That is why the indirect language is used. It is to prevent people from getting licences who have been residing in Canada long enough to become naturalized Canadians, and we give them one year in addition.

Mr. Pearson: I understand that now, Mr. Chairman, but surely it still means what I said it means, that an American here for one year can qualify for a licence, but if he has been here for six years and has not become a Canadian citizen he does not qualify. This means however, that a foreign licensee or corporation operating a station in Canada could continue the foreign operation of that station by changing its owner every five years.

Mr. Nowlan: I do not wish to argue about the legal interpretation. I am quite certain the Leader of the Opposition is wrong, and certainly if he is right the lawyers are not. From the language of the clause which I have already read into the record I think the intention is that they cannot grant a licence to someone who has been here for only a year.

Mr. Pickersgill: It would appear to me that once a person is lawfully admitted for permanent residence—that is to say as an immigrant, not a visitor to this country—under

this provision he could apply for a licence. The board could do what it pleased about his application, but it would be perfectly proper for the board to grant it up to the sixth anniversary of his landing or the sixth anniversary of the time he became ordinarily resident, which is not always quite the same thing. When I read this I wondered if it were directed specifically against Mr. Hal Banks, but I might be wrong about that.

I can see why it has been put in. I suppose it would be somewhat unreasonable to say that a British immigrant who had been here for four years could not get a licence because he had not been here for five years, or that a United States citizen who had been here four years and who had every intention of becoming a Canadian citizen as soon as our laws allowed him to do so could not go into the broadcasting business. I do not know that I would disagree with that.

I believe this is a new provision. I believe the Canadian broadcasting legislation provides that a licensee must be a British subject or a Canadian citizen. What troubles me about this is that once having got the licence, could you keep it if you went on after the six years without becoming a citizen. I mean, you may get the licence before you have been here six years, but if you do not take out your citizenship, can you keep it? It seems to me it is the keeping of the licence rather than the getting it that is the substantial thing and that would be more offensive to what the Leader of the Opposition was talking about. Under this bill you might have some way of getting a licence before you were here six years and of remaining a foreigner and continuing to hold the licence, because there is no specific provision for cancelling a licence.

Mr. Nowlan: There is no provision for automatic suspension or cancellation of a licence. Once a licence has been obtained proper steps would have to be taken to cancel it. It would have to go on if none were taken. It does not say it automatically lapses.

Mr. Pickersgill: That is precisely the point, Mr. Chairman, and the minister is creating a discrimination here. If you get the licence just before the six years are up you can keep it indefinitely, whereas if you do not apply for it until after the six years you cannot get it. Perhaps the minister would allow me to give an illustration. Let us take two United States citizens who have both been in Canada for seven years. One applied for a licence just before he was here for six years, and he would go right on having it. The other, because he did not apply until he was here for seven years, could not get a licence at all. That does not seem to me to be fair and reasonable.

[Mr. Pickersgill.]

Mr. Nowlan: I am intrigued. I was in error in answering the Leader of the Opposition. It is, as the hon. member for Bonavista-Twillingate has pointed out, possible to get out a licence in that interregnum. You cannot get it after six years, whereas you could previously. I think perhaps some attention should be paid to that point so there will be some provision preventing someone carrying on indefinitely.

Mr. Pearson: Would it not be better if we merely returned to the provision which restricts the application to Canadian citizens? I have not the text before me.

Mr. Nowlan: Have you the section there?

Mr. Pearson: Perhaps we can let this stand, Mr. Chairman, because as the minister has pointed out it does seem to be anomalous.

Mr. Nowlan: I suggest that we let it stand.

The Deputy Chairman: Shall clause 14 be allowed to stand?

Mr. Fisher: I have one more question. I have difficulty in understanding this, perhaps because of my lack of legal training. Subparagraph (ii) of paragraph (c) reads:

> A corporation other than a corporation controlled directly or indirectly by citizens or subjects of a country other than Canada.

I am thinking of a company such as Famous Players Canadian Corporation, which owns what amounts to a controlling interest in one of our television stations. Would it be affected, as a matter of fact, by this as being itself a subsidiary of an American organization?

Mr. Nowlan: The subparagraph says:

> A corporation other than a corporation controlled directly or indirectly by citizens or subjects of a country other than Canada.

I would not want to make a specific decision on any named company, but that is the intention.

The Deputy Chairman: Shall clause 14 be allowed to stand?

Some hon. Members: Agreed.

Clause stands.

On clause 15—*Board may order suspension of licence.*

Mr. Caron: Subclause 3 of clause 15 grants the right to appeal against an order of the board on a question of law; but if a licence has been taken away or has been refused on a question of fact instead of on a question of law there is no appeal.

Mr. Nowlan: That is so.

Mr. Caron: Oftentimes the reason for taking away a licence will not be on a question

of law but because the station has not been administered according to the rules laid down by the board. There is no appeal whatsoever in that case, even though the station owners may have spent $400,000 to $500,000 on the station. Everything would be lost, because the station owners will not have the right to appeal.

Mr. Nowlan: This does not cover cancellations; it covers suspensions, as the hon. member says. It would have to be a drastic violation, or a flagrant violation of the rules and regulations, and then it has to be referred to the Minister of Transport. They have to wait 10 days to give him time to enter an appeal. Of course, also, the board is given power, if it wants to, to do things on certain terms and conditions and it could, if it saw fit, order the suspension on certain terms and conditions; therefore I think the licencee is protected. I think this is taken from the other act almost verbatim. It is a subparagraph which I do not think was ever exercised. It is a good one to have in the act to assure some compliance with the regulations which will be laid down.

Mr. McIlraith: It is similar to the right of appeal given to the pipe-line companies.

Mr. Nowlan: Yes, it is comparable.

Mr. Crestohl: I agree that it is a very wise provision to give a party the right to appeal when the licence is cancelled. Is there also the right of appeal from a decision of the board when it refuses to grant a licence?

Mr. Nowlan: No.

Mr. Crestohl: I respectfully submit, Mr. Chairman, that such right of appeal should exist. I do not think that right of appeal should be denied to anyone who has complied with all the regulations and formalities and requests the issuance of a licence. If the board refuses the licence the applicant should have the right that is given to everyone under normal circumstances and by the rule of law to seek redress from the courts, to have his day in court, because I do not think any board could possibly be considered as a board of final jurisdiction.

Mr. Nowlan: I cannot agree with the hon. member on that. There are scores of boards of this nature where appeals are not allowed, including the Canadian Broadcasting Corporation. The legislation has been in effect throughout the years. An applicant appeals to the board and the board exercises discretion, in its wisdom. It refuses the licence, and there has been no appeal to the courts from that decision. The hon. member would undermine the whole basis of the independence of the board if appeals to the courts were allowed in each case.

Mr. Fisher: Mr. Chairman, I am somewhat at sea with respect to this section, because when I look at section 18 I find that it reads:

> Every person who violates any of the provisions of this part or the regulations is guilty of an offence punishable on summary conviction as provided in the Criminal Code.

It seems to me that anyone who has his licence suspended must have violated the regulations. I just wonder how you equate the two things. It does seem to me that anyone who breaks the regulations is liable to have his licence suspended and also to conviction under the Criminal Code. I bring up this point because I notice that the Fowler commission in the draft act put these two items very close together in their suggested sections 27 and 28, and they specify the fine. Can the minister clear up my turmoil in this regard?

Mr. Nowlan: The Fowler commission also points out in the report that it would probably be impossible to get a conviction. I think that is true. Let us take, for instance, the standard of programs. How are you going to convict someone for failing to maintain a standard? I think any lawyer in the house would welcome the opportunity of defending rather than prosecuting, but there might be some violations which could be prosecuted in the courts. This is a relatively simple provision that is included in most acts. It is simply a summary conviction. In other words, you cannot prosecute by indictment.

These are the two regulatory or enforcing provisions in the whole of this bill. One deals with suspension. As I said, it would only be used in the most flagrant case. The second deals with the right to prosecute, under which the prosecuting counsel would have the court deal with the advertising content or what regulation it was. How are you going to measure it? It is a good thing to have in there. It has a salutary effect. Frankly, that is the purpose of it.

Mr. Caron: Subclause 3 of clause 15 brings a question to my mind. A while ago the minister said it would have to be a very serious infringement of the regulations that would bring about the suspension of a station's licence, but there is nothing in this section or in the legislation anywhere which states that. It is left to the board, and the board may, depending on how they look at it, be severe in some instances and less severe in others. Does the minister not think it would be a lot more democratic to permit an appeal on a question of fact so it could be proven

in court whether the board was right in suspending the licence or whether it was wrong? The licensee would be satisfied if he had the right to appeal from the board to a court which could overrule the decision of the board.

Mr. Nowlan: I cannot accept that. I do not think this danger which the hon. member for Hull sees will arise. I go back to the fundamental statement I have made 50 times in this debate. If you have the right personnel you are not going to run into the difficulty which the hon. member envisages. If you have the wrong people the act fails anyway and there is nothing we can do.

Mr. Caron: The minister refers to having the right people or the wrong people and he may be right but these people may have different views on various matters. They might act severely against some people and less severely against others. There is no recourse whatsoever to protect the rights of these people.

Clause agreed to.

On clause 16—*Operation of station as part of a network.*

Mr. Pearson: Clause 16, as I understand it, gives the government a very good opportunity if they desire to take advantage of it, and I think that they agree with this in principle, to provide for the contingency I have mentioned two or three times, that a Canadian station may affiliate itself with a foreign broadcasting network. I put this point to the minister because I should like to get an opinion on it from him before I decide whether to move a formal amendment. The clause now reads:

(1) A licensee shall not operate a broadcasting station as part of a network unless—

I suggest to the minister that there might be a new condition which would be first in order and would read as follows: "A licensee shall not operate a broadcasting station as part of a network unless (a) it is a Canadian network."

Mr. Nowlan: According to my understanding, under clause 14 there has got to be Canadian control in any event. I cannot see any objection to the suggestion made. On the other hand, I do not want to accept it at the moment because there may be peculiar circumstances. There may be times when Canadian stations are connected with foreign networks for the purpose of carrying service programs such as presidential addresses or election returns in Washington. There are scores of such programs where Canadian stations operate as part of such a network for a relatively short time, and an absolute prohibition such as the Leader of the Opposition suggests might interfere with that. With the intention that the network should be Canadian, I would rather see the matter left to the judgment of the board for the moment and more consideration given to the technical problems which might arise if you had an absolute prohibition as suggested by the Leader of the Opposition.

Mr. Chevrier: On that point, I do not wish to repeat what I said earlier but I think such an amendment would meet the two conditions to which I suggested the minister should give consideration, having to do with the granting of a licence for a broadcasting station or a television station. If this amendment were accepted by the minister it certainly would meet any difficulties I found myself in with respect to the point I raised earlier. Surely at first blush it would seem that there should be no objection to this condition because this is the clause under which a licensee shall not operate until and unless certain conditions obtain. Therefore I am going to press the minister respectfully to allow the clause to stand and give it consideration in the meantime.

Mr. Nowlan: I want to get through with the bill some time. As the hon. member points out, a licensee shall not operate a broadcasting station as part of a network unless (a) it is a condition to the licence issued in respect of the station that he do so. In other words, he has to apply to the board of broadcast governors for permission to operate, shall we say, as part of a United States network. That procedure has to be followed, everybody has to be notified and the machinery gone through to which I referred a few moments ago. I cannot believe that the board will be granting licences of that nature, certainly not in the immediate future. What conditions may be as to affiliations and networks in this rapidly changing industry I do not know. As I have said, we do have temporary networks. I think the clause should be allowed to stand as it is. It is pretty specific and certainly more definite than the old act. Undoubtedly it was covered to some extent in the old act but it was not spelled out as directly as it is here. You just cannot get permission at all to join such a network unless that condition is specifically endorsed on the licence that you have the right to do so and so. I should think it would be very difficult to obtain endorsement of such a condition.

As I have said, this is a technical field and I do not feel free to make commitments, although I agree entirely in principle and I feel sure that the principle will be maintained in the foreseeable future. Nevertheless I do not want to agree to something which in the end

might prove embarrassing and difficult to administer and perhaps might reflect on the conditions here.

Mr. Pearson: I appreciate what the minister has said and I am not pressing him—

Mr. Nowlan: Bring it up in January before the committee.

Mr. Pearson: —to amend the bill in a hasty way which might have results that we do not contemplate.

Mr. Nowlan: That is right.

Mr. Pearson: I am also pleased to hear him say that this kind of condition would in fact be attached by the board to the issuing of a licence and that the board would have no intention of issuing licences to stations which would operate as part of a United States network, which is something different from being associated with such a network for a particular program.

In addition to ensuring that Canadian networks and stations remain Canadian, we also had in mind the protection of the board against the kind of pressure that might be exerted on it to sanction this kind of affiliation and if the words I have suggested were included in the bill they would be a protection for the board. However, I think the minister has stated the policy of the government very clearly in this regard. He has, I understand, said that this is a matter which should have consideration as one of primary importance by the committee when it is set up next session. In the light of this assurance by the minister, perhaps we can let the matter stand.

Mr. Nowlan: That is why I am anxious to see the committee set up at the next session, so that we can deal with some of these things having had a little more experience than we have had now.

Clause agreed to.

On clause 17—*Political programs.*

Mr. Pickersgill: This, of course, is the famous Mr. Sage clause that some of the older members of the committee will recall.

Mr. McIlraith: I am not so old and I remember it.

Mr. Pickersgill: I presume it is in precisely the same form as it is in the present broadcasting act. I have not checked it word for word but I would not have thought that the minister would lay profane hands on it without telling us. It is, of course, a travesty in its present form. I am very familiar with the legal opinion that Mr. Dunton got from the Department of Justice about this matter. It did not satisfy me and I do not think it would satisfy anyone else who had any regard for the English language, but it was probably good law just the same. In its present form, apart altogether from the question in the minds of some of us whether or not "dramatized" is a verb at all, we do know that all kinds of practices go on at the present time that can only be described as dramatized performances.

One of my colleagues mentioned to me a moment ago that in one constituency in the last election a hockey game was paid for by a candidate not a member of this party and every so often the candidate appeared to put in a plug for himself. I do not know whether or not a hockey game is a dramatized performance but I would think it was certainly not the kind of political broadcasting contemplated when clause 17 was put into the present act. I am not going to suggest any amendment but I should like to have the assurance from the minister that clause 17 will be specifically remitted to the committee on privileges and elections for study during the next session.

Mr. Nowlan: It was the understanding when we inserted it here rather reluctantly that this was not the place to include it but as this certainly was not the time to engage, as I said before, in a prolonged political discussion about advertising and programs it was put here, shall we say, as a temporary resting place until the elections committee could meet.

Mr. Pearson: The minister must have considered the fact that under the provisions of this clause he is putting the Prime Minister in danger of violating the law because the Prime Minister, on more than one occasion, has broadcast, in a highly dramatic form, programs, advertising and announcements of partisan political matter.

Mr. Nowlan: That type of program would not be banned.

Mr. Herridge: Following the remarks of the hon. member for Bonavista-Twillingate with respect to clause 17 (1) (a) which does not permit a dramatized form of political program, I may say that I have not much criticism of that because in my constituency they have mostly been tragedies.

I do want to refer for a moment to this paragraph (b) which says:

No licensee shall

(b) broadcast a program, advertisement or announcement of a partisan political character on any day that an election is held for the election of a member of the House of Commons, the legislature of a province or the council of a municipal corporation, or on the two days immediately preceding any such day.

I want to bring an incident to the attention of the minister and ask him if he does not think this clause requires amendment, and whether it might be one of the things to be studied by that committee which he suggested. In the last election political candidates would go across to the United States and give addresses over United States television stations which would be received in Canada and re-broadcast in the constituency which I have the honour to represent, by people who have licences to pipe in television or something of that sort. Would this clause not require amendment? The candidate or some person goes outside of Canada and uses United States television facilities, then that program is picked up in Canada by a Canadian who has made an arrangement with the corporation and has a licence from the board to broadcast piped-in television. How are we going to avoid that? It does not affect our party because I am told it costs about $100 a minute and about 15 minutes would exhaust our funds. Would the minister say whether or not he considers there should be some change?

Mr. Nowlan: Obviously that is a violation of this clause. Obviously the clause should be repealed and a new one substituted therefor, after discussion with this committee.

Mr. Caron: I do not quite understand the wording of paragraph (b) and the wording in subclause (2). Paragraph (b) says:

No licensee shall

(b) broadcast a program, advertisement or announcement of a partisan political character on any day that an election is held for the election of a member of the House of Commons, the legislature of a province or the council of a municipal corporation, or on the two days immediately preceding any such day.

Then, subclause (2) says:

A licensee shall immediately preceding and immediately after broadcasting a program, advertisement or announcement of a partisan political character, identify the sponsor and the political party, if any, upon whose behalf the program, advertisement or announcement was broadcast.

If a station has not the right to broadcast such a program, why should they identify the sponsor?

Mr. Nowlan: That means any program, whether it is one week or two weeks before election day. Then you have to say that this program is sponsored by such and such a party, and so forth. The clause is identical with the one that has been in the act for 15 years. However it works, it is there.

Mr. Caron: Even if it was there, it may be dangerous.

[Mr. Herridge.]

Mr. Pickersgill: Does the minister know how most of the municipal candidates describe themselves partywise in carrying out this provision of the act?

Mr. Caron: In Quebec we have school boards and they have been forgotten.

Clause agreed to.

Clause 18 agreed to.

On clause 19—*Report to parliament.*

Mr. Argue: This clause requires the board of broadcast governors to report within three months after the termination of each fiscal year to the member of the Queen's privy council for Canada designated by the governor in council for the purpose. The Canadian Broadcasting Corporation reports to the Minister of National Revenue.

Mr. Nowlan: He happens to be the minister designated.

Mr. Argue: Yes. There is a further provision in part II that the Canadian Broadcasting Corporation will report to the minister. It is possible that the board of broadcast governors will report to one minister and the Canadian Broadcasting Corporation will report to another. As has been stated a number of times in this debate, there is a good deal of misgiving that this very thing might happen and might tend to divide the Canadian broadcasting system into two parts, and that this is opposed to the one system concept of the people who have the public interest at heart.

We should like to see this section amended so it would specifically provide that the report should be made to the Minister of National Revenue. We do that because that is the minister to whom the C.B.C. has been reporting. We also do it because of the occupant of the portfolio at this time. We say that the Canadian people generally, while they may in various degrees question the government's attitude towards the national broadcasting system in this country, do have a good deal of faith in the present Minister of National Revenue. It has been said, in any public speculation as to the differences that might have existed within the Conservative party at one time on this issue, that the Minister of National Revenue could usually be counted upon to champion the cause of the Canadian Broadcasting Corporation and a national broadcasting system. It could be argued, of course, that the present minister will not always occupy that portfolio. If there is a cabinet post in the government that is considered more important, more of a plum, we would wish him well as he goes up the ladder.

However, we are willing that the board of broadcast governors should report to him, and in view of the long history of the C.B.C. reporting to the Minister of National Revenue we feel that should be made an operating part of this measure. If these suggestions were adopted we would then endeavour to have part II designate that the Canadian Broadcasting Corporation shall also report to the same minister. Our group believes that this clause should be amended in order that the report might be made to the Minister of National Revenue.

Mr. Pearson: I have listened with interest to the remarks of the hon. member for Assiniboia. I have some hesitation in supporting an amendment which would change a bill because of, shall I say, personal considerations for the occupant of a particular post in the government. If we were to carry this too far we would perhaps cause the minister to lose his job. I do suggest it is a bad principle to change legislation for these considerations.

However, we have other objections to this clause, Mr. Chairman, which perhaps I should mention. This clause 19 fails to require the board to report on broadcasting in general and on the performance of the component parts of the broadcasting system in particular. It merely requires the board to report on its activities. If this particular clause remains as it is at present all that the board will be required to do under it is to make an arithmetical recital of its activities, the number of meetings, what was dealt with, and that kind of thing.

On the other hand, under section 36 of the bill the Canadian Broadcasting Corporation is required to report on its operations. That introduces a distinction of the kind we are so worried about, namely a distinction between the privately owned and publicly owned parts of the system. Therefore, in order to avoid that distinction we think that this section should be amended. Earlier I had thought that perhaps this amendment could be introduced to section 11 having to do with regulations but perhaps this is the best place to do it, namely section 19 which deals with reports to parliament. I should therefore like to move:

That section 19 be amended as follow:

By deleting the words: "on the activities of the board under this part for that fiscal year", and substituting: "under this part for that fiscal year on the performance and financial affairs of privately and publicly owned stations and networks.

I think this amendment would improve the bill. It would ensure that parliament each year would get a report from this board, not merely on its activities but on the operations of broadcasting in Canada, both on the part of public and private stations. It would be a far better basis for consideration by any parliamentary committee than would the kind of report which seems to be visualized in section 19. I would commend this change at least to the sympathetic consideration of the minister.

Mr. Nowlan: Mr. Chairman, I could not accept this amendment in the words in which it is moved. A report under this part for that fiscal year on the performance of privately and publicly owned stations and networks is something to which one might give very careful consideration. But the amendment also requires a report on the financial affairs of privately owned and publicly owned stations and networks. Of course the financial affairs of publicly owned stations and networks are public property anyway, I presume; that is the corporation and its affairs are controlled by this parliament. But I do not know how far you can spell out, to use a slang expression, the financial affairs of a privately owned station. You will recall that Mr. Fowler in his report said that there should be but very sketchy information given by the board on the financial affairs of privately owned stations; that they should collect it and perhaps use it for purposes of program evaluation and so on but that nothing more than a balance sheet, I think he suggested, should be published, if that, so that rival stations and competitors would not be given access to the private affairs of the private stations. Certainly I do not think the committee would want to accept this amendment in the way in which it is worded.

As to the word "activities", I suppose there will be a report at the end of this fiscal year for part of it; if the board gets operating this fall, it will have to submit a report next spring. If there is some objection to that word "activities" or if there is some significance to it or something else is thought better, I am prepared to consider it. But I cannot consider the wording of the amendment as it is before us.

Mr. Pearson: Would it meet the minister's objection to the wording if I made this suggestion? I appreciated his objection. Suppose the word "operations" be substituted for "performance and financial affairs" so that the amendment would read "a report under this part for that fiscal year on the operations of privately and publicly owned stations and networks". I am sure the minister will appreciate that there is a report. The C.B.C. has to report on its operations under this bill. The board has only to report on its activities. The House of Commons, when it is considering broadcasting matters, whether in committee or in the house, will have before it as the basis for that consideration a report

which will be required on the operations of the publicly owned system but no report on the operations of the private element of the broadcasting system. I appreciate what the minister has said about the inadvisability of those particular words. I am asking him whether this amendment would meet the situation:

A report under this part for that fiscal year on the operations of privately and publicly owned stations and networks.

Would that meet the point raised by the minister?

Mr. Argue: Before the minister replies, Mr. Chairman, may I say that I think the amendment that has been moved by the Leader of the Opposition is a very good one. I am talking about the general purport of the amendment. I think what has been said is completely true, namely that the board of broadcast governors should be asked to report on the whole broadcasting system of this government and all aspects of it and should not be confined to a report of its own activities. I have no quarrel at all with the word "activities". However, I think the type of report which the board is to make should be clear. I think it would be a mistake to make it possible for the board to overlook completely, if it wished to do so, in reporting on its activities the question of the privately owned as well as the publicly owned stations and networks.

I might say to the Leader of the Opposition that before he suggested his own subamendment to the amendment I had already written into the copy that I have the same word "operations" but I had deleted a little bit less from his amendment than had the Leader of the Opposition. I had deleted only the words "financial affairs" so that it would read:

And substituting: "a report under this part for that fiscal year on the performance and operations of privately and publicly owned stations and networks.

I appreciate the very fair way in which the minister has considered this suggested amendment. With the further suggestion as to how the amendment that was moved might be further amended, the minister might consider the question whether he himself could amend this section or accept an amendment which would spell out the type of broad general report that parliament would like to see the board of governors make on an annual basis.

Some hon. Members: Question.

Mr. McIlraith: It seems to me that we probably are to get a report on the activities of the board which is very limited or very narrow. But what we really want is something much larger. Do we not want a report on broadcasting in Canada? Is that not the thing we are seeking to get at? I wonder whether the minister would consider another suggestion, keeping in "the activities of the board" and inserting after that "and broadcasting in Canada" or some similar phraseology that would get us the fuller report on the whole subject of broadcasting which seems to be what everybody desires.

Mr. Nowlan: One other difficulty about this matter, in addition to the financial one, is the fact that by this amendment, if it were adopted, we are telling the board of broadcast governors just what it is to do. In other words, we are defining the regulations for them and saying "you must do so and so" under the regulations in order that you may report to parliament. Personally, I feel that the report of the board of governors should be along the lines suggested by the hon. member for Ottawa West, a report on its activities in such detail as parliament might require to make sure that it is performing its duties, spending its money wisely and so on and so forth. Certainly I think there should be included in it a general statement on broadcasting in Canada, on the stations and so on. I do not know what the machinery of this board is going to be, and I do not know how long it is going to take to set this board up. I do not want to insert into this an instruction that the board should report, say, on April 15 when, obviously, the board may not have had time to receive reports on the operations of radio and telecasting stations across Canada.

I suggest that this is a matter which is worthy of careful consideration, and I think it could be left to the committee on radio this winter, when we shall have the regulations before us, to consider whether these regulations are wide enough and to ensure that we do get an adequate report on broadcasting in Canada.

Mr. Pearson: I just want to comment on what the minister has said. He said he had some difficulty in including in this bill a provision whereby the board would be required to report on its operations. What we are trying to insure in this and in other parts of the bill is that the corporation should not be placed at a disadvantage before this board. The minister has agreed it would be unfortunate if the corporation has to produce this kind of report to parliament while the private broadcasting stations have to make no such report to anybody.

Mr. Nowlan: Is that correct? After all, the corporation is a crown corporation. We have

to provide the money for it. Its whole financial affairs are, so to speak, naked before us. That is not true of the private stations.

Mr. Pearson: I appreciate that, and the minister was quite right when a moment ago he took exception to the wording of this amendment because it might be interpreted as prying into the private affairs of private radio stations, which we have no right to do.

The minister has suggested once again that this is the kind of thing which could be considered in the committee on radio and perhaps, in the light of what he has said, we should be content with that. But I would point out this is the third or fourth time we have moved amendments and the minister has said: let us refer this to the committee. This confirms our feeling that had this bill been brought in a month ago all these things could have been discussed in committee and we should have had a much better bill in consequence.

Mr. Nowlan: Oh, let us not disturb this atmosphere of peace and kindliness. The Leader of the Opposition knows very well that that statement is incorrect. The reason I am asking that this be referred to the committee is, of course, because the board has not been appointed and the regulations have not yet been drawn. If this bill had appeared six weeks ago the regulations would still not have been drafted. In other words, there is nothing that the committee could have done in connection with this bill except, possibly, to ask the minister: who are you going to appoint? That is about all that could have been done. Do not let us be under any misapprehension that this is due to the bill coming in late. It is due to the fact that under the ordinary processes of government, whether this had come down in January or August, action would not have been taken until the government and the ministers had had time to draw a deep breath and give the matter more consideration than is possible during a hectic session. Thus there is no substance in the suggestion which has been made that this could have been dealt with in a committee.

Mr. Pearson: To continue in an atmosphere of peace and kindliness, may I say that I still feel that if we had had this bill before us and considered it in a committee of this house it might have been returned as a much better bill than it is now. The minister has suggested that this can all be done next session. But by then we will have a new act before us, and the board of broadcast governors will just have been set up—there will not have been much time—and the committee will probably be confronted with just those difficulties which confront us at the present time. In so far as a comparison is concerned between the kind of consideration here in the house and consideration in a committee, the minister must realize that every time we now reach a clause here we are confronted with cries of "carried" as soon as we begin to discuss it. We are doing our best to point out what we consider to be weaknesses of the bill, as is our duty, even though we are not unduly pressing our viewpoint, because obviously that would not be desirable. However, in the spirit of peace and kindliness I am willing to withdraw my amendment, especially in view of the fact, that as the minister has pointed out the original wording was not very good.

The Chairman: Has the hon. gentleman leave to withdraw his motion?

Some hon. Members: Agreed.

Mr. Argue: I appreciate the attitude of the minister that the substance of this amendment could be considered next session and that the amendment has a good deal of merit in it. However, at this time I wish to revert to the point I made when I first stood up to discuss clause 19. We do not like the possibility —indeed, I may say, the probability—that the board of broadcast governors and the C.B.C. will be reporting to separate ministers. We feel that this could lead to a great deal of conflict. We feel it could lead to a minimizing of the effectiveness of the operations of the C.B.C. We have confidence in the attitude of the Minister of National Revenue, and this group has confidence as far as the national system of broadcasting is concerned, but this confidence does not extend to certain other ministers of the government particularly in the light of their clear history in this house. For that reason, and also because although the minister was very generous in his attitude to other suggestions he did not seem to show the same leniency toward this amendment —perhaps he is just modest because he is named in it—I should like to move:

That clause 19 be amended by deleting the words "member of the Queen's privy council for Canada designated by the Governor in Council for the purpose" and by substituting therefor the following words "The Minister of National Revenue".

Mr. Pickersgill: We are not able to support this amendment for several reasons. Perhaps, having served in governments, we have not the same faith in political immortality as the hon. member for Assiniboia seems to have. That would be one reason. The second reason is that we do not think the purpose which the hon. member has in mind will be served by this amendment, although I have no doubt he is thinking of moving a similar amendment later on when he comes to the C.B.C.

The position we take is that there should be no minister to whom the C.B.C. reports;

that the C.B.C. should, as the Fowler commission recommended, report to the board of broadcast governors and that the board of broadcast governors in turn should report to the government, analagously with the existing situation under the existing act. The principle in this legislation is wrong and we think it will be made even worse if the government is foolish enough to have two ministers. I do not think any more than the Leader of the Opposition does that it is wise. There is no connection between the duties of a minister of national revenue—not the minister but a minister of national revenue —and the particular responsibilities under this act. It is possible that the Prime Minister even before this act is proclaimed will recognize the undoubted merits of the present Minister of National Revenue and promote him to a more responsible sphere and if for example we were to find in his place the Minister of Finance, then where would the hon. member for Assiniboia have taken us?

I would rather leave this as it is and trust to the good sense and the good judgment and perhaps even a bit to the fear of ridicule of the Prime Minister in this matter. But as for the question of this resolving any conflict between the two ministers, we do not think it would have that effect. In the circumstances we do not believe it is a good amendment.

Mr. Nowlan: Mr. Chairman, perhaps I should say a word or two at this time so that if a vote is taken my colleagues will not feel they are hurting my feelings by voting against the amendment. I appreciate all the kindly things that have been said and I accept them. As the hon. member for Bonavista-Twillingate pointed out a few moments ago, there is no relationship between the C.B.C. as such or the board of broadcast governors and the Minister of National Revenue, and whatever the future of the present Minister of National Revenue may be—whether he attains a more exalted status or whatever may happen—the fact is that one should not definitely commit the administration of the C.B.C. to a specific minister.

Reference was made to continuity over a long period of time. Dr. McCann was the minister reporting for the Department of National Revenue—

Mr. Pickersgill: Previously he was the minister of national war services.

Mr. Nowlan: Yes. I believe it is much better to permit the flexibility which is now provided for and enable the governor in council to nominate a minister to administer the board of broadcast governors. That minister may be the Minister of National Revenue or he may be the Minister of Finance. Of course, it may even be the Minister of Public Works; who knows?

Mr. Argue: Mr. Chairman, the hon. member for Bonavista-Twillingate spoke about our perhaps feeling that there may be political immortality when we are asking that a particular minister be named. Then he went on to say that if we named the Minister of National Revenue, we might be horrified at a later date to find that the Prime Minister had switched ministers and the new Minister of National Revenue could be the present Minister of Finance. That would be a development that would give us great cause for reconsidering the moving of this amendment. But our fear is that without it being stated in this clause it just might be the Minister of Finance and that fear has been bolstered by the words of the Minister of National Revenue who said there is one of three possibilities—

Mr. Nowlan: One of two; I was just giving an illustration.

Mr. Argue: Now it is getting worse. We want to see the clause amended so that possibility would not exist. I believe it is not a wise thing to have this board reporting to an unnamed minister of the crown, a minister who can be changed from time to time. I believe it is far more in keeping with having a board of governors doing an effective job to have stated in the legislation the minister to whom the board will report. The looseness and ambiguity of this bill of which the official opposition has made so much for so long a period is going to be supported by them in voting against this amendment because they will in effect be asking that this free wheeling rein be given to the government.

The hon. member for Bonavista-Twillingate also took it upon himself to put words in my mouth by saying that no doubt we had in mind a certain amendment to part II. The hon. member is a very congenial fellow. He is a very good and valuable member of the House of Commons and, if I may say so, I believe he is improving. However, by engaging in the type of forecasting that has preoccupied him this afternoon his conduct leads one to wonder whether he may not be reverting to the status he enjoyed some time before he began to show the improvement to which I referred. Even if the hon. member is a lawyer I could prove to him, as I could prove to any one who is a lawyer, from the evidence I have on my desk that it is not the intention of this group to move the amendment he suggested.

We believe it is in keeping with the building of a national system of broadcasting to have a specific minister named in this clause, to move an appropriate amendment to a further clause in the bill and to make it abundantly clear if these amendments are carried that parliament wants a single national system with certain components rather than a dual system such as could flow from this bill providing as it now does for these two bodies to report to separate ministers.

The Chairman: Is the house ready for the question?

Some hon. Members: Question.

Amendment negatived: Yeas, 5; nays, 131.

Mr. McIlraith: Mr. Chairman, there is another point about which I wish to ask the minister. He will observe that in part II of the bill the word "minister" is defined in clause 21, paragraph (d) as follows:

(d) "minister" means the member of the Queen's privy council for Canada who is designated by the governor in council as the minister through whom the corporation is to be accountable to parliament for the conduct of its affairs.

There is no definition of the word "minister" in the definition clause in part I of the bill but there is a limited or partial definition of the word in clause 19 in part I which says:

19. The board shall, within three months after the termination of each fiscal year, submit to the member of the Queen's privy council for Canada designated by the governor in council for the purpose a report on the activities of the board under this part for that fiscal year.

That is the operative part of the clause.

The reference to a minister is found in the words:

—submit to the member of the Queen's privy council for Canada designated by the governor in council for the purpose—

Presumably, the purpose is receiving the report on its activities. The significance of that, as I read it, and the way in which it is drafted, is that the minister can only be designated under the act for the purpose of receiving the report. He cannot be designated for any other purposes and if I am right in that it leads us to the position that there is no minister answerable in the house for the activities of the board, and no minister to whom we can direct questions, and who will otherwise be responsible in the house for the activities of the board. I am sure that was not intended. Perhaps there is an answer to it, and I would like the minister to give me the answer if he can.

Mr. Nowlan: I am not sure but what that is not virtually the answer to it, Mr. Chairman. It is roughly or approximately the same situation as applies now to the minister for the C.B.C. I am the minister designated under the act for the purpose of the C.B.C. and I have two functions at the moment: one, to recommend payments over $25,000; and, two, to report to parliament for the C.B.C. I have forgotten all the detailed discussion that went into the drafting of this, as my hon. friend will appreciate. Perhaps I should have used it yesterday in reply to the Leader of the Opposition. This goes a long way to meet the charge that the board of broadcast governors is under the control of the government, or something of that kind. This section was phrased very carefully to avoid such a suggestion. They report to the minister but the board is pretty well—in fact, I would say I hope entirely—divorced and removed from control. It has to report to parliament and parliament, I suppose, can exercise control, I do not know; parliament can take such action as it sees fit. That is the way the thing is defined in the act.

Mr. McIlraith: My point is this. Under the C.B.C. part of the bill the minister is the minister through whom the corporation is accountable to parliament. In the first part of the bill the minister is not defined at all other than as contained in section 19. He may merely be designated for the day to receive the report and turn it over to parliament. There is no minister accountable to parliament so far as I know. Under all other legislation, through one method or another, there is a minister accountable to parliament and to whom parliament may look for information and the like from day to day. It is this point which concerns me. It seems to me there is an omission there. The minister should be accountable to parliament and he is not accountable. There must be someone to whom parliament can direct inquiries. There must be someone, for instance, who will present the estimates to obtain the money to sustain the board of broadcast governors.

Mr. Nowlan: That follows automatically in section 20 which says:

All expenditures for the purposes of this part shall be paid out of money appropriated by parliament therefor.

There has to be someone—

Mr. McIlraith: That is just my point; someone has to do it, but there is no minister responsible. Therefore, when we have supplementary estimates pertaining to this board of broadcast governors we have no minister to whom we may direct questions. There is no minister answerable to parliament. That is the point. I wonder whether the minister would give some attention to that point. I appreciate his remarks about the other aspect

of it, namely independence from direction by a minister, but that does not answer the part as to the responsibility to parliament.

Clause agreed to.

Clause 20 agreed to.

On clause 21—*Definitions. "Broadcasting".*

Mr. Fisher: Mr. Chairman, there is a feeling among some of us that there would be advantages to having the C.B.C. report to the board of broadcast governors. So that there will be no question at all about the control that the board of broadcast governors should have over broadcasting and to clear up certain divisiveness in the way in which it is set up, I should like to move:

That clause 21 be amended by deleting the present subparagraph (d) thereof and by substituting therefor a new subparagraph (d) to read as follows: "Board of broadcast governors means the board of broadcast governors as set forth in part I of this act and is the board to which the C.B.C. shall report."

Mr. Pearson: Mr. Chairman, I have no objection to this amendment; in fact, I approve of it. But would it not be desirable to let any change in the definitions part of this bill be held until we see what is going to happen to clause 22, because the definitions will surely depend on whether any amendment is to be made to the substantive clauses. While we may propose amendments to clause 22, surely it would be unwise to change the definitions until we see whether there are amendments to the bill. I suggest the definition amendments be held over until we see what happens to clause 22.

Mr. Pickersgill: Will the minister agree to the suggestion made by the Leader of the Opposition that we let clause 21, the interpretation clause, stand and go on with the other clauses because some of us have some suggestions to make on the other clauses, and while they probably will not be acceptable to the minister, they might be. If he is agreeable and if the hon. member for Port Arthur will be agreeable to allowing his amendment to stand until we dispose of the substantive clauses we could come back to the interpretation clause.

Mr. Nowlan: Will we get through by five o'clock?

Mr. Pickersgill: It might help in getting it through more quickly.

Mr. Nowlan: That is perfectly satisfactory.

The Chairman: Is it agreeable to let the amendment stand?

Mr. Argue: My colleague has no objection to this clause standing, apart from the suggestion of the Leader of the Opposition. He may have a point. The only thing we had in mind was that clause 21 comes before clause 22, and if you let clause 21 go by, which is the definition clause you will really get into a flap in the committee when you wish to look at it afterwards. I think this is probably the best way to proceed, namely let this clause stand and deal with the other one. After we have been successful with clause 22 we can come back to the amendment which has been moved by the hon. member for Port Arthur.

The Chairman: Is it the pleasure of the committee to let clause 21 stand?

Clause 21 stands.

On clause 22—*Corporation established.*

Mr. Pearson: Mr. Chairman, this is the clause of the bill to which we are most definitely opposed and which gives us the greatest anxiety. It establishes, or re-establishes, perhaps, the Canadian Broadcasting Corporation in a form which we consider unwise. We have some objection to take to the details of the various subclauses, but our main objection—and the minister will not be surprised to hear this—is that the corporation should be set up in this way with a board of directors comparable in nature and composition to the board of broadcast governors. We also object—and this objection has been voiced before—to the corporation reporting separately to the minister and through the minister to parliament rather than through the board of broadcast governors.

The first amendment we would move to this clause would be to subclause 1 which now reads:

There shall be a corporation to be known as the Canadian Broadcasting Corporation consisting of a president, a vice-president and nine other directors to be appointed by the governor in council.

Incidentally, the president and vice-president are appointed in a different way and for a different period of time than the other directors. We are opposing this kind of board of directors for the Canadian Broadcasting Corporation. We do not think there should be this kind of board along with the board of broadcast governors. That is our basic objection. If it is not accepted as embodied in the amendment which we will move, we will have other objections to raise and perhaps other amendments to move to other subsections of this clause. But in connection with this basic objection, I am going to ask my colleague, the hon. member for Bonavista-Twillingate to move an amendment.

Mr. Pickersgill: Mr. Chairman, I move:

That section 22, subsection 1, be amended to strike out all the words after the word "vice-president" and substitute therefor the words "and

a secretary to be appointed by the governor in council on the recommendation of the board of broadcast governors."

Subsection 1 would then read:

There shall be a corporation to be known as the Canadian Broadcasting Corporation consisting of a president, a vice-president and a secretary to be appointed by the governor in council on the recommendation of the board of broadcast governors.

I might say in support of this amendment that it will bring the whole structure of the bill into conformity with the recommendations of the Fowler commission. The corporation will not be a corporation sole; the corporation will consist of three persons. I think it is desirable that it should consist of three persons. There seems to be no useful purpose in having these nine directors whose functions will be entirely redundant if the board of broadcast governors does the things that the Fowler commission recommended that it should do. If it does not do those things, we do not think there is any place for the board of broadcast governors, but the position we took on second reading, the position we took before the bill was ever introduced and the position we are still taking is that the structure recommended by the Fowler commission is not a sound structure for broadcasting in Canada and by this amendment we would be going a long way toward putting the bill back on the rails.

Mr. Nowlan: I just want to say that the government cannot accept this amendment. It makes a fundamental change in the whole concept of the bill to which a great deal of time and consideration have been given. I know the arguments pro and con and I could repeat them ad infinitum. I have weighed them in my own mind for a good many weeks and in the end the government decided that this approach was the better approach in setting up the organization. You can say that it is redundant, you can say a lot of things, but it appealed to the government as the best way in which we could inaugurate this system, by only making a change in name and instead of the board of governors the C.B.C. has had given it a board of directors corresponding in other ways.

As to the argument that the directors should be removed and that the corporation should be reduced to a corporation sole or corporation three, as the hon. member for Bonavista-Twillingate has just mentioned, I was thinking yesterday, as all these arguments were being used about political pressure and all the rest of it, how much greater the pressure would be if there were no board of directors and if it was simply a corporation consisting of three executive officers. As the bill stands, the president and the vice-president are members of the board of directors. They have their associates there and, to use an expression used yesterday, they are insulated as far as it is humanly possible to do so. At least it is a much better approach than if there were no insulation at all. That is why I wanted to see a board of directors set up, and I think it will work. I know the experience in Australia and I realize the difficulty expressed in the old cliches about one being stronger than the other, getting in each other's hair and so on. But after all this is Canada. We have solved our problems in the past. We have adopted unique approaches time and time again, very often involving compromises with those followed somewhere else. We have made them work and we will make this work. I at least want the committee to give us an opportunity to try it and see how it works. We can then change it if it should be necessary.

Mr. Pearson: Before the vote is taken I should like to point out to the minister that so far as his preoccupation with protecting the officers of the corporation from political pressure is concerned, a preoccupation which we share, surely the insulation he talks about and which he suggests would be removed if the nine other directors were abolished, would be supplied, and I would hope very effectively supplied, by the board of broadcast governors. I am not suggesting that the directors be removed and that the executive officers of the corporation be left defenceless in the face of political pressure. We would substitute the more effective insulation provided by the new board of broadcast governors for the kind of insulation they would get from this board.

Amendment (Mr. Pickersgill) negatived: Yeas, 20; nays, 72.

The Chairman: Shall clause 22 carry?

Mr. Pearson: Mr. Chairman, now that we have failed to secure a fundamental change in this section we are going to try to improve it in its present form. For that purpose I should like to call the attention of the committee to the fact that while the president and vice-president of the corporation are appointed for seven years the other directors are appointed for three years.

These other directors are appointed, as the minister knows, during good behaviour and that gives them some security against pressure. The president and vice-president, contrary to the position of the chairman of the board of the present corporation, are appointed to hold office during pleasure, whereas the directors are appointed to hold office during good behaviour. Under subclause 4 a director may be removed at any time by the

governor general on address of the Senate and the House of Commons, and only in that way. The president and vice-president, holding office during pleasure, can be removed without that procedure being followed. We believe that this is a fundamental weakness of this particular clause and a danger to the corporation.

Without saying any more, because the minister knows our position on this, I should like to move:

That section 22, subsection (2) be amended by deletion of the words "during pleasure" and by substitution of the following, "during good behaviour".

Mr. Nowlan: I do not want to take up much time, Mr. Chairman. I simply say again today what I said yesterday on second reading, that the government cannot accept that amendment. I recognize the arguments that have been made, but this procedure appears in other government corporations as well. It is done because these particular officers, as I said yesterday, are executive officers charged with the responsibility of doing executive work. I think it is only reasonable that if they should happen to fail in doing that executive work, if they should be inefficient or anything of that kind, then the president and vice-president could be removed. It is a contingency against which one should guard.

Mr. Pickersgill: I think the minister has made the thing even worse than it appeared from the simple language of the clause. As I understand it, and I would be glad to be corrected if I am wrong because I have not looked at the statute on this particular point, the general manager and assistant general manager of the corporation are appointed by the governor in council on the recommendation of the board of governors of the C.B.C. and not by the governor in council direct. They have a certain security of tenure which protects them from the government. Now we are going to make a radical departure by having direct appointments by the governor in council without the intervention of any other body. If I read the bill correctly, the governor in council can remove these people, as the minister says, if they become inefficient.

It is not the board of the C.B.C. that is going to determine whether they are inefficient; it is not the board of governors, it is the governor in council.

Mr. Nowlan: I did not say that.

Mr. Pickersgill: It is quite clear that the power to remove is inherent only in the governor in council. It is the pleasure of the governor in council.

[Mr. Pearson.]

Mr. Nowlan: It certainly is not on the recommendation of the board of broadcast governors, but of the directors of the C.B.C.

Mr. Pickersgill: It certainly is not, and wherever they may pick up the gossip about inefficiency, it is only the governor in council who can exercise that power because it is his pleasure about which we are talking. The government is doing exactly what the Leader of the Opposition said yesterday, and is putting a couple of its creatures in the two principal offices and saying that the moment they displease the governor in council they may be removed. Otherwise, what does this language mean?

I must say I challenged the minister yesterday and he has had 24 hours to produce any other statutes in which this incredible language occurs. I say "incredible" because it does seem to me it is a contradiction in terms when you say you are appointed for seven years and that you are appointed during pleasure. I can quite understand a person being appointed for seven years during good behaviour, but what does the seven years mean if it is during pleasure? It means nothing. It is just nonsense. It may be that there is some poorly drafted statute somewhere else that got through parliament, as this one has not yet, without anyone noticing this fact, but this one has been noticed. It does seem to me that, since it has been noticed, and after all the professions we have heard from the government of their desire to keep broadcasting independent of the government, here they are insisting on putting two of their creatures in office and saying that they can be removed any time that they decide, in their own way, in the closet, that these people are inefficient. Perhaps they just do not like them. They have to give no reasons to anybody. It does seem to me that this is the very negation of independence. It is impossible to imagine that even the purest government in the world would not, sometime or other, do that. Of course, this government may not always be here. It may be that some day some other hon. gentleman or some other hon. lady may be occupying their position.

It is just conceivable that there may be some minister who would not like the looks of the president or the vice-president. It does seem to me the minister ought to give some further consideration before he advocates this step which really legally destroys the slightest independence of this corporation.

Mr. Nowlan: Of course, that is nonsense, Mr. Chairman. The hon. member talks about a closet, but there is no area of the government service upon which the spotlight of

publicity will beat down with a greater intensity than on this matter of the C.B.C. When someone stretches his imagination to the point where he starts talking about dealings in a closet, and so on, he is stretching it pretty far. I can say that I can see some merit in this argument, that the appointment itself made by the governor in council could be one thing in which there could be political influence or almost anything, subject to whatever the judgment of the governor in council happened to be at that time. But once you make the appointment, believe you me any government that would change this appointment, particularly in the light of the qualification of seven years in there, and in addition to pleasure, would be going a long way. I cannot conceive of circumstances in which it would not be done on the recommendation of the board of directors.

My hon. friends have made a very strong and telling case on the use of the words, but I think they are very far removed from the practical aspects. I do not want to spend more time on it.

Mr. Pearson: Can the minister give us any case where this device has been used in legislation before, the appointment during pleasure for a fixed period, of officials who are, in the first instance, appointed by the governor in council on the recommendation of nobody else? He said there were other cases and I wonder if he can give the committee the benefit of his knowledge?

Mr. Nowlan: I was told that, but I have not the other cases here.

Mr. Pickersgill: I do not suggest for a minute that the minister has any intention of doing anything of this sort; I never suggested that. However, we are not making laws for this minister, we are making laws for sometime in the future. The minister spoke about the letter of the law. My understanding is that the law is all letters and that when you go into the courts, the courts do not construe the mind of the governor in council, they construe the words in the statute. Now, the terms "good behaviour" and "pleasure" are very ancient terms in the law and they are very well known to the constitution. They have been used throughout this statute, except in this one place. It does seem to me if there is ever one place they should be used it is here. I would have had much less quarrel with this bill if "pleasure" had been used in connection with most of the other appointments and "good behaviour" in connection with this one. Here are the two operating executives, the very two people that we depend upon the most to keep this organization independent, and they are going to be discriminated against by having this stain put against them.

All the Leader of the Opposition is saying is that the words "during good behaviour" should be put in here. He is not saying that there should have to be an address of both houses. All he is saying is that the governor in council should appoint them "during good behaviour" for a period of seven years; and if the governor in council has any cause such as that which the minister suggested—I am sure inefficiency is not good behaviour—or if the government finds any cause for their removal which is inconsistent with good behaviour, there would be no bar to that removal in the amendment moved by my friend the Leader of the Opposition. But it seems to me that we should not easily allow the government to put this kind of legislation on the statute books.

Mr. Pearson: May I ask, Mr. Chairman, whether it is the intention—I have not been able to find it in the provisions of this bill although it may be there—to provide that the president of the corporation should be the chairman of the board and preside over the meetings of the board? The minister has referred to him merely as the executive officer. But is he not also the chairman of the board and the one who presides over the board of directors?

Mr. Nowlan: I do not think there is a section spelling that matter out in detail in the bill. But I think it was taken for granted that where someone was not named chairman or if there was not a definite designation, the chairman would be the president.

Mr. Pearson: That is true with regard to the board of governors; he is designated.

Mr. Nowlan: Yes.

Mr. Pearson: There is nothing in this bill to designate any member of the board of the corporation as chairman of the board?

Mr. Nowlan: That is right.

Mr. Crestohl: The minister may be noble in his intention as to whether or not the president or vice-president will be dismissed during the tenure of office of seven years. The question is this. Can they be dismissed if they incur the displeasure of the government? That is really the test. If that is the test and if they can be dismissed if they incur the displeasure of the government, then I think we are defeating our objective for this reason. We are not insulating them and giving the corporation the independence that we intend to give it. There is that difference. The president and the vice-president can hold office during pleasure and the others can do

so during good behaviour. Why is there that difference? I wonder whether the minister can explain to the house why the two principal officers can hold office at pleasure and the others can do so only during good behaviour? There must be a reason for that difference. I should like to hear from the minister an explanation for that difference.

Mr. Nowlan: I gave it previously.

Amendment (Mr. Pearson) negatived: Yeas, 19; nays, 75.

The Deputy Chairman: I declare the amendment lost. Shall clause 22 carry?

Mr. Pearson: Mr. Chairman, undismayed by the lack of success of our previous effort to amend this section and for reasons which have been made sufficiently clear in the statements which have already been made on this section, I would move:

That section 22 (2) be amended by inserting the words, "on the recommendation of the directors of the corporation", after the word, "appointed" on line 3.

With this amendment, subsection 2 of section 22 would read:

(2) The president and vice-president shall be appointed on the recommendation of the directors of the corporation to hold office—

And so on.

Amendment (Mr. Pearson) negatived: Yeas, 20; Nays, 83.

The Deputy Chairman: I declare the amendment lost.

Clause agreed to.

The Deputy Chairman: Shall we revert to section 21?

Some hon. Members: Agreed.

Mr. Pickersgill: Five o'clock.

The Deputy Chairman: Order. It being five o'clock it is my duty, pursuant to section 3 of standing order 15, to leave the chair in order to allow the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: Order. It being five o'clock it is my duty, pursuant to standing order 15 (3), to leave the chair in order that the house may proceed to the consideration of private and public bills.

PRIVATE BILLS

KENNETH HERBERT GREGORY

Mr. A. D. McPhillips (Victoria, B.C.): Mr. Speaker, I wonder if I could obtain the consent of the house to make a motion in relation to Bill No. SD-231, for the relief of Kenneth Herbert Gregory which was restored to the order paper this morning?

Mr. Speaker: Has the hon. member leave to make a motion as he has suggested?

Some hon. Members: Agreed.

Mr. McPhillips: I move:

That Bill No. SD-231 entitled "An act for the relief of Kenneth Herbert Gregory" be recommitted to the standing committee on miscellaneous private bills, for the purpose of hearing evidence on paragraphs 11 and 13 of the petition.

Motion agreed to.

Mr. Speaker: As there are a number of private bills standing for consideration in the committee of the whole, is it agreed that they be referred to the committee of the whole in one motion?

Some hon. Members: No.

JOHN SHAW MACNEILL CARSON

The house in committee on Bill No. SD-293, for the relief of John Shaw Macneill Carson—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. McCleave: By way of explanation, I held up the bill the last day we considered it because one of the members of the House of Commons pointed out that documents relating to the divorce of the respondent wife on a previous occasion were not available. The Senate committee had waived the formal placing of documents before it, but since an hon. member raised an objection, rather than spend time on it I wrote immediately to the lawyer acting for the petitioner and he has forwarded to me a German court order showing that a divorce had been granted to the wife on a previous occasion and, secondly, a translation by a man competent to do this sort of work. We have both those documents in the file now.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FREDA LEVINE SCHUBERT

The house in committee on Bill No. SD-304, for the relief of Freda Levine Schubert—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Lambert: Mr. Chairman, while I will say right at the outset that I will not oppose this particular bill, I should like to draw the attention of members of this committee to

certain facts in connection with it. This is a contested divorce and I feel that on that basis closer attention must be paid to the evidence which was before the Senate subcommittees, and that we should give it as close a look as possible.

First of all may I comment that this case appeared before the Senate subcommittees on two occasions and that finally the matter was referred to the full committee. On the first sitting the subcommittee consisted of five members of the Senate, and on the second sitting, of four. Those four had been members of the original committee. However, at the sitting of the second subcommittee, the hearing was adjourned *sine die*, and there was a final meeting of the subcommittee composed of six members, two only of whom were in attendance and heard evidence at the prior meetings. I would submit—

Mr. McCleave: Would the hon. member give me the page reference for his last reference about six, please?

Mr. Lambert: Page 11 of the report. In those circumstances I feel the members of this committee are quite entitled to review the evidence, being in the same position as the final meeting of the subcommittee which made the recommendation to the committee of the whole on divorce.

I must admit, and draw to the attention of the committee, that the subcommittees which heard the evidence in the original instance had the benefit of observing the demeanour of witnesses and that, in a matter of this kind, is of considerable importance. However, I should like to go into the evidence a little bit to indicate that while, possibly, the conclusion of the Senate committee in this instance might have been correct, I have some very grave reservations as to the full weight of the evidence.

First of all, we are concerned with an incident in a small restaurant in Montreal on September 11, 1955, which is approximately three years ago. I had some difficulty in assessing the precise accuracy of the evidence of the numerous witnesses concerning what happened on that particular morning. For instance, three witnesses were called who do not profess to know French and they commented on a so-called admission of misconduct by an alleged co-respondent, the admission and conversation leading up to it having been spoken in French. There was one witness who understood French and there was some suggestion that he translated as the conversation transpired.

If we look at the evidence of the witness Strober which appears at page 31 of the committee report we find the man admits he does not know French. He testified that the co-respondent who was a waitress in his employ was an hour late. She gave as her reason that she had been in a car with the respondent. She apparently used the word "coucher" which the witness said he understood to mean "sleep in a bed". It was in this language she described her relationship on that occasion with the respondent. However, the witness also said she had been away in a car. There is some doubt as to precisely what was said and what happened.

I might point out that a great deal of the evidence of all the witnesses was as to what happened prior to the respondent being present. That is why I have considerable reservations concerning just how much validity should be attached to the evidence of these witnesses. It is difficult to know how much of the evidence was based on fact and how much of it was hearsay evidence. A considerable amount of hearsay evidence appeared to enter the case. I should like to draw the attention of this committee to these considerations.

The evidence of the witness Morin appears at page 35. At no time did he identify the date on which the adultery is alleged. He was extremely vague as to when he had heard the conversation referred to and there was no corroboration that he had acted as translator. He appeared to draw conclusions from words that were alleged to have been said in that he states, in effect, "it must have meant this" or "it must have meant that". He prefaced many of his statements with comments of that kind and there is little evidence of direct statements.

The evidence given by the witness Rittmer which appears on page 37, I would submit, contains a great deal of hearsay. This man clearly admits he does not know French. As a matter of fact, there is some suggestion that he is not too familiar with the English language either and so it is rather difficult to know precisely what he might have stated if he had fully understood either or both languages.

I wish also to make reference to an unhappy event that occurred. The plaintiff closed her case. The respondent who was under escort since he was serving a sentence in a Quebec prison met the case against him under advice of counsel by denying the allegations made. He denied his presence at the restaurant where these statements were alleged to have been made and he denied knowing the co-respondent. Following the close of the case the committee adjourned its hearings and subsequently the plaintiff presented another witness, Marafino apparently in rebuttal to the evidence given by the respondent to the effect that he was not present or did not know

the named participant. The committee had reservations about hearing this evidence. However, it was heard and subsequently there appears in the record of the proceedings a statement to the effect that the committee decided to disregard the evidence of that witness. I would remind hon. gentlemen that we are all human beings. Regardless of whether the committee felt it should disregard the evidence of the last witness called, the members of that committee heard the evidence and their minds may have been conditioned or influenced by that testimony. They should not have heard the evidence of the witness Marafino.

These are the reservations I have about the evidence in this case notwithstanding the fact that many witnesses appeared before the committee. On the basis of their demeanour the committee may have preferred to give weight to the witnesses appearing on behalf of the petitioner and to have disregarded the evidence given by the respondent. I feel, as an hon. member of this committee who is asked to pass on a bill of this kind and as a practising lawyer, that I must indicate my reservations as to the type of evidence which was allowed to be presented in this case and as to the manner in which it was presented. I believe great care should be exercised in these matters. As I said, I will not oppose this motion but I wish to draw these salient facts to the attention of this committee.

Mr. McCleave: Mr. Chairman, the hon. member for Edmonton West has brought out in a striking manner a point which should be of interest to all hon. members when we deal with these divorce cases. This is not an easy case; indeed, it is an extremely difficult one. Those hon. members who have read the evidence will recall the circumstances under which the husband and wife lived together. They will recall her constant difficulty in obtaining any support whatever from her husband and also the fact that a large part of his life has been spent in certain institutions in the province of Quebec. There was also the circumstance that when he appeared before the subcommittee on July 8 he did not have a lawyer. Statements were made by the witnesses concerning the restaurant incident and he did not cross-examine the people who made those statements. Subsequently when the case was closed it was decided to reopen it and the moneys paid by the wife to have the case brought before the other place were used to help counsel, who had been appointed by the subcommittee, in an effort to find the key witness in the case, the co-respondent, the waitress with whom he is alleged to have committed adultery. It was a difficult case from start to finish and I suppose any lawyer would have his reservations about it.

[Mr. Lambert.]

I know that in my own particular case, for instance, I have read it some four or five times. Perhaps they had little precedent to guide them but what did guide that committee of the Senate, I am convinced, was their desire to be fair to the respondent, a man who does not enjoy the normal freedom of other members of society.

The hon. member for Edmonton West brought forth facts which—after the house heard his eloquent speech setting forth the matters—may cause some doubts as to whether we should consider it. I would point out that this matter has received the most careful scrutiny over a period of days. As a matter of fact, the first hearing started on July 8, and it went on until August 6 before the Senate heard the final witness. As the hon. member has pointed out, the Senate decided to disregard the evidence of that witness because, I presume, he could properly have been before the subcommittee on a previous occasion.

The committees of the other house of parliament are charged with this onerous duty of listening to the witnesses in the first instance, assessing their evidence and determining the reliability and the credibility of witnesses. If ever there was a case in which everything turned on the credibility and reliability of witnesses and perhaps very little on the printed record that is available, I would think it would be this case.

Unfortunately, the practice of asking leading questions of the witness was used, such as, "What were you doing on September 11, 1955?" the date of the offence. This, of course, was direct prompting which would not ordinarily happen in a court of law. Apart from circumstances such as that I think the respondent was given every opportunity and the fairest of treatment over there. I think that the subcommittee of the other place, acting on its impressions of the witnesses they had before them and the witnesses they saw there, came to a conclusion. My hon. friend did point out that the case was contested there. It was contested there, but it was not contested before us.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall I report the bill?

Mr. Ricard: On division.

Bill reported, read the third time on division and passed.

Mr. Speaker: Order. Hon. members will recall that in order to return the evidence of those bills to the Senate a motion is required

after each bill. They could all be dealt with by one order of the house if the house were agreeable. With unanimous consent, Mr. McCleave, seconded by Mr. Wratten, moves:

That the Clerk of the house be directed to forward a message to the Senate after the third reading of every divorce bill returning such evidence and papers as may have accompanied any such bill to this house.

Motion agreed to.

STANMOUNT PIPE LINE COMPANY

The house in committee on Bill No. S-14, respecting Stanmount Pipe Line Company—Mr. Morton—Mr. Rea in the chair.

On clause 1—*Repeal.*

Mr. Argue: Mr. Chairman, I wonder if the sponsor of the bill can inform the committee whether the minutes and proceedings of the standing committee dealing with this pipe line are available to members of the committee of the whole. My understanding is that the evidence has not yet been printed. I do not think it is required by the rules of the house that the minutes be available by the time any bill gets back to the House of Commons, but I would think it is the sensible thing for members of the committee of the whole to insist that before they discuss the particulars of any given bill after it is reported back to the committee the report from the committee should be in their hands. Surely that is the whole purpose of sending a bill such as this to a committee.

Mr. Morton: Mr. Chairman, I cannot tell the hon. member. Perhaps the chairman of the committee, the hon. member for Peterborough, could tell whether the minutes are available. I have not been confronted with this point before because usually we have representatives from all groups in the house on the committee. At that time they raise their objections and they have the right to examine and cross-examine the various members of the firm who are there for that purpose. I think the purpose of the committee is to give everyone who has a question to ask the opportunity to get first-hand information. If I recall correctly, there was not a member from the group led by the hon. member for Assiniboia at the meeting. However, I will ask the chairman of the committee whether the minutes are available.

Mr. Fraser: We did not have a reporter in the committee at that time to take evidence. It is very seldom that there is a reporter present to report evidence on bills of this kind, because the committee counts on the members being present to get the information.

Mr. Argue: All the members of the house cannot be members of the committee. Therefore, we are at a disadvantage if the evidence is not taken.

Mr. Bell (Carleton): Evidence was taken.

Mr. Argue: Excuse me, the evidence was not reported so that it could be placed in the hands of members of parliament. Evidence was heard but was not recorded.

We are opposed to this bill. I am not going to try to block the house in dealing with it today; I merely wish to register a continued opposition to the passage of this bill.

As has already been said on a previous occasion, the Stanmount Pipe Line Company is wholly owned by the Imperial Oil Limited. Imperial Oil Limited is part of an international cartel. Imperial Oil Limited itself is a subsidiary of Standard Oil of New Jersey, and I do not think it is wise for parliament to increase the power of this international cartel as represented by the Imperial Oil Limited. I think the stand of the Imperial Oil Limited has been in complete opposition to the building of a trans-Canada oil pipe line to supply to the Montreal area oil from Saskatchewan and Alberta. I suggest the stand taken by the Imperial Oil Limited has been a narrow one and has been governed solely by the financial interests of the Imperial Oil, and it is an endeavour by this international oil cartel to maintain the Montreal market for oil from Imperial Oil and its associates.

The independent companies in the provinces of Alberta and Saskatchewan are most concerned that a pipe line be provided to the Montreal area. If passage of this bill might result in such a line being built that would be a strong reason why members should support it, but I think the very fact that Imperial Oil wants this kind of authority when it is opposed to the building of such a line shows that the passage of the bill will not mean that the result I have suggested will be achieved.

Another reason we are opposed to the passage of the bill at this time is the pending report of the Borden energy commission. We are hopeful that the report will deal, in fact we are certain it will, in a comprehensive manner with the oil and gas problems of the nation. We think that in the light of whatever report is made members would be in a much better position to judge whether or not the passage of this bill is in the public interest. On the basis of the evidence I have now I suggest its passage is not in the public interest.

According to an Ottawa *Journal* report of last Saturday, which report was subsequently picked up by the Canadian Press, the interim report of the Borden royal commission on energy is likely to favour a pipe line to the Montreal area estimated to cost $375 million. This is a proposition which will receive the full support of the people of western Canada who are looking for markets at this time for their very important oil production. As a

result of a reduction in the United States market for Canadian oil there has been a substantial cut in the production of oil on the prairies and this has had adverse economic results on the revenues of two provincial governments and the welfare of the people of those provinces.

I notice that the hon. member for Calgary South is in his seat. He is an authority on this whole question. He has taken a great deal of interest in the problem and I am certain that he supports the opening up of the Montreal market for Canadian oil. If passage of the bill would bring that day closer I would certainly give it my support but I do not think its passage would in any way solve the pressing problems of the oil industry at this time.

There is another reason why I am opposed to the course being followed by Imperial Oil in seeking to obtain the power through the passage of this bill to build a trans-Canada pipe line to Montreal. I have in mind the report that the United States government, instead of moving in the direction of easing the restrictions against importation of Canadian oil, may in fact increase those restrictions and lower the quotas for Canadian oil entering that market. It has been reported in the press that secretary of commerce Weeks of the United States government has asked for a further survey of the oil situation in the United States and that new quotas are likely to be posted within the next 30 days. According to press reports in all probability this will mean a reduction of import quotas on oil allowed into that country. I express the hope that these reports are not well founded, that the United States will not take this action and that in a short time restrictions on Canadian oil entering that market will be removed.

But with this present and perhaps growing danger I feel that parliament should be directing its attention to solving the oil problems facing the nation and not giving further strength and powers to Imperial Oil Limited, part of an international cartel which in my judgment, so far as Canadian markets are concerned, is operating and acting in a manner detrimental to the welfare of the nation. For these reasons, Mr. Chairman, we in the C.C.F. are still opposed to the passage of the bill.

Mr. Smith (Calgary South): Mr. Chairman, I should like to say only a word or two because I recognize any lengthy observations on my part would only tend to satisfy the purpose of our good friends in the C.C.F. in that we would talk out the bill.

Mr. Argue: On a point of order, I think I made it quite clear that while we were opposing the bill we had no intention of blocking it at this or any other stage in the debate.

[Mr. Argue.]

I hope that the hon. member will understand that if he and other members should continue to debate the bill until six o'clock it will not indicate, as far as we are concerned, a deliberate effort to block the bill. We are opposed to it but we are prepared to accept the decision of the house.

Mr. Smith (Calgary South): I was honestly mistaken and I make the necessary apology. I should like to make two comments on the remarks made not only in this but in the previous discussion by the hon. member for Assiniboia. First, I think some reference should be made to the status of Imperial Oil Limited who, through the bill before us, are requesting the authority at some point to construct a pipe line. While Imperial Oil has on a number of occasions registered its protest against the eventual imposition of any controls which might effect a restriction of foreign crudes coming into Canada, I think most members of the industry and most members of the house, I hope, will agree that Imperial Oil is itself concerned with the marketing problems of Canadian oil.

The second point I should like to make is that while it is quite true that I disagree in some respects with their arguments that have been presented to the Borden commission and while I certainly continue to support moving more oil out of western Canada to Eastern Canada because of the absolutely essential necessity of providing assistance to the independent operators, until the Borden commission has reported I do not here challenge the evidence submitted to it. That is the responsibility of the commission.

To deal specifically with the bill, I feel that all the protection necessary is vested in the board of transport commissioners to give consideration to the economic merits of such a project, and there is no doubt in my mind that when the Borden commission makes its findings and gives consideration to the future establishment of an energy commission it will make some reference to the over-all programming of the development of oil and natural gas. This is their purpose under their terms of reference.

However, all this bill provides is the right of this company to appear before the board of transport commissioners. If we found that we were, today, becoming involved in the economics of this problem, then I would agree with the member for Assiniboia that the facts are not all before us. Certainly by the time the company concerned with this particular bill is in a position to move ahead with it, assuming they do, then it would become the responsibility of the proper officials, whether it be an energy commission or the present facilities of the transport

board, and they would have to make a decision. I am quite certain that the rights of both the oil producers and the people of Canada will be taken into consideration at that time.

Before I sit down I should like to close with the comment that I think the hon. member for Assiniboia is perhaps being a little unkind to the sponsors of the bill. I have not any particular reason to have sympathy for them, but he referred to the fact that parliament should not give Imperial Oil this further control over the oil resources of Canada. He says that the powers of this company would not be used really to develop the resources of this company but to further impede the development. Then, he said, too, that Imperial Oil is a cartel and that Imperial Oil had been blocking resource developments for years. I would remind him, as I am certain he knows, that it was this same company that drilled 107 dry wells, and some at a cost of $1 million, before the Leduc No. 1 was discovered and brought a good gravity crude into this country. I think it should be kept in mind that this is a company which employs Canadians almost throughout; it has developed many secondary industries from its refinery centres, and it has produced substantial prosperity throughout very large sections of Canada. They together with independent companies have brought Canada's petroleum industry to the peak at which it is today. I feel that this should be said in their defence. This is not a private cartel and the passage of this bill will not impede future development of oil or gas in Canada. The purpose of this measure is merely to give the company the right to appear before a properly appointed board to give consideration, at the appropriate time, to whether or not it is economically advisable to build a pipe line.

For these reasons, I think the people of western Canada and in particular the independent operators would have no objection to proceeding with this bill.

Mr. Argue: I am sure the hon. member for Calgary South did not mean to say that I had said anything unkind about the sponsor of the bill because the hon. member for Davenport is a good friend of mine.

Mr. Pallett: Does he admit it?

Mr. Argue: He can amend that statement if he cares to, but from my point of view he is a good friend. I do not think the hon. member would suggest I have said anything unkind about him. I may have said some rather unkind things about Imperial Oil, but being a very large company with world-wide interests and being part of a well-known international cartel, I do not suppose my small voice raised in the House of Commons will affect Imperial Oil to any real extent.

It has been argued that we do not need to be concerned unduly in passing this bill because before any pipe line is proceeded with there must be approval by the board of transport commissioners and that board will take care of the public interest. Even if that were the case, and the board could be relied upon to take care of the public interest, I do not feel that removes from parliament the overriding responsibility to see to it that charters which are given to companies are, in themselves, in the public interest. One of the reasons I have opposed the passage of this legislation at this time is not only the pending report of the Borden energy commission, but the weight of evidence which suggests that there is anything but a certainty that this company will need the powers in this bill before the next session of parliament. In other words, this is not emergency legislation required by this company in order that it may continue its development. This is merely a standby authority that the company wishes to have believing that it might, at some future date, need it.

There is no certainty at all; in fact, there is a likelihood the company will not be building the pipe line before the next session of parliament. I suggest, therefore, there is no ground for hurry and there is a real reason, in view of the pending report of the energy commission, why parliament should delay approval of this bill until a further session.

Clause agreed to on division.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Morton moved the third reading of the bill.

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

BARBARA JANET DILLANE BARR

The house in committee on Bill No. SD-247, for the relief of Barbara Janet Dillane Barr—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: Some question arises as to residence qualifications in connection with this bill. Would the sponsor of the bill care to comment on that?

Mr. McCleave: Yes, certainly. The reason this bill comes to us out of order in so far as the other bills are concerned is precisely the point raised by the hon. member. It was a point upon which the committee experienced some difficulty, and upon which

we had to consult with the law officer of parliament, Dr. Maurice Ollivier.

The circumstances are, Mr. Chairman, that the respondent is a native of Ontario. He did move for a brief period to the province of Quebec. The couple, when married, lived for a while in the province of Quebec. About 11 months ago, the wife was deserted and apparently the respondent returned to the province of Ontario, living in the city of Ottawa. The evidence on that point is not conclusive. Certainly his parents live in the city of Ottawa and certainly the petition and other papers in the case were served upon him there.

Those members who looked into this matter pointed out that in Beauchesne's volume the matter of petitions received a great deal of consideration. Dr. Beauchesne clearly states that petitions should not be presented to parliament here or at Westminster unless the petitioner has exhausted all other remedies and has no other place to go. Obviously that is the old practice. In this case it appears, at least on the face of it, that the petitioner —and it is the domicile of the husband which governs; the domicile of the husband is the domicile of the wife—should not have brought her case before parliament but rather should have taken it first to the supreme court of Ontario.

As the committee can readily appreciate, this was a matter of extremely important principle. For that reason we spent some time the other day discussing it with Dr. Ollivier. It is competent for parliament to act in divorce petitions from any province of Canada. But in recent years it has been the practice, since provincial divorce courts were established, to consider only the cases from Newfoundland and Quebec. When this matter came up for consideration, since it was uncontested, nobody had raised the point except a few hon. members. I wrote to the solicitor for the petitioner in the city of Montreal and asked him if he would submit a brief on this point. We also had the benefit of a brief from Dr. Ollivier and his assistant Mr. Batt. In the brief of the petitioner's solicitor there was some argument to the effect that there was evidence from which you could gather that the domicile of the husband had shifted to the city of Montreal. Personally as I know the evidence, I may say that the wife said that they had established a home in Montreal; but the home turned out to be an apartment and the purchase of a building as such was not involved.

As can be seen, the committee was obliged to labour under a goodly number of difficulties in connection with this matter. We finally resolved it by deciding to report the bill back without amendment. I think perhaps I can fairly state that the members of the committee, on looking at this evidence, felt that the Senate committee might have been justified in drawing the inference that there was domicile in the province of Quebec, or again that this was one of those borderline cases of a man shuttling back and forth over the boundaries; and that the wife might have gone to the supreme court of Ontario only to find that the supreme court might have told her to go to parliament. Whichever course she took might have been the wrong one, as you can appreciate. Hence, Mr. Chairman, that is the position in which we found ourselves. But the recommendation of the committee was unanimous that the bill go back before the house. I think the hon. members raised a very useful question and I hope that this report will go down to the bar of the city of Montreal so that the lawyers there will know that we are looking into this matter and were concerned about it in this case. I hope they will govern themselves accordingly in the future and at least present much stronger evidence than was presented in this case if they are going to rely on domicile in the province of Quebec.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. McCleave moved the third reading of the bill.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

An hon. Member: On division.

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

WESTCOAST TRANSMISSION COMPANY LIMITED

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-16, respecting Westcoast Transmission Company Limited.

Mr. Speaker: Is it the pleasure of the house to adopt the motion.

Mr. Herridge: Could we have from the sponsor a brief explanation of the purpose of this bill?

Mr. Morton: Mr. Speaker, the sum total of this bill is that the company is asking for permission to increase its number of directors up to 15 so that it may have a better representation of its directorship across Canada and also to enable it to have an executive committee to carry on its day by day work.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, from the point of view of this group that seems to be a very reasonable request and provision. After listening to the explanation given by the sponsor, we have nothing further to say.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

Mr. Speaker: The hour for the consideration of private bills having expired, the house will revert to the business which was interrupted at five o'clock.

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS— CONTINUANCE OF C.B.C.

The house resumed consideration in committee of Bill No. C-55, to establish a board of broadcast governors and to provide for the continuance of the Canadian Broadcasting Corporation—Mr. Nowlan—Mr. Rea in the chair.

The Deputy Chairman: We were discussing clause 21. It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 21—*Interpretation.*

The Chairman: Order. We have passed clause 22 and we have reverted to clause 21. Shall clause 21 carry?

Mr. Pickersgill: I think there is an amendment to clause 21 which has not been disposed of. The hon. member who moved the amendment does not appear to be here at the moment.

The Chairman: Is the committee ready for the question on the amendment? The amendment reads:

That clause 21 be amended by deleting the present sub-paragraph (d) thereof and by substituting therefor a new sub-paragraph (d) to read as follows: "Board of Broadcast Governors means the Board of Broadcast Governors as set forth in Part I of this act and is the board to which the C.B.C. shall report."

Mr. Nowlan: We let this clause stand. Quite frankly, I have forgotten the reason at the moment.

Mr. Pickersgill: I can recall it. The purpose of the amendment as I recollect it, was to substitute for the minister the board of broadcast governors in this clause, but as our amendment on clause 22 was turned down, it would seem to me that it would make sheer nonsense of the bill to pass this amendment now. We were in favour of the amendment in itself, on the assumption that the government would see reason about the substantive clause, but I do not think we should make ourselves ridiculous by voting for this in view of the decision of the committee on the substantive clause.

Mr. Nowlan: As the hon. gentleman indicates, I could not accept this. If we were to make this change it would certainly not fit in with the pattern which has been established here, and it would be a rather ridiculous procedure. The mover is not here, and I do not want to take advantage of him in his absence—

Mr. Pickersgill: Why should we not vote on it and dispose of it?

Mr. Nowlan: —but perhaps we had better deal with it now.

The Chairman: Is it the pleasure of the committee that we call yeas and nays?

Some hon. Members: Agreed.

The Chairman: All those in favour of the amendment will please say yea.

All those opposed to the amendment will please say nay.

Some hon. Members: Nay.

The Chairman: I declare the amendment lost.

Mr. Chevrier: Does the definition of broadcasting still follow in all detail the former definition?

Mr. Nowlan: Yes.

Mr. Pickersgill: No new methods have been discovered since the last time this was enacted?

Mr. Nowlan: There are sufficient technical words used here, I think, to cover anything.

Clause agreed to.

Clause 23 agreed to.

On clause 24—*President and vice-president.*

Mr. Pickersgill: Just a moment. You are going very fast. I think there was some exception taken to the third subsection of this clause or to a similar clause by the hon. member for Cartier, if I remember correctly. I do not know whether he has looked at this again and satisfied himself about it.

Mr. Nowlan: I think the objection to which the hon. member has referred was raised by the hon. member for Cartier last night and referred to temporary appointments made

when the chairman and vice-chairman were both absent. We were then dealing with the board of broadcast governors. The same arrangement would apply here, and there could be a temporary appointment in the case of the unfortunate absence or death of a president or a vice-president.

Clause agreed to.

On clause 25—*Remuneration.*

Mr. Pickersgill: I do not intend to suggest any amendment to this clause because I do not think I have anything appropriate to suggest, and I question whether I would have power to move an amendment if I did because the only kind of an amendment I could move would be to fix a specific amount, which it might not be competent for a member on this side of the committee to do. But I just want to point out that this once again underlines the shocking change in the character of this legislation. Not only are the president and vice-president to be appointed at the pleasure—at the whim—of the governor in council, but they are to be paid any salary which the governor in council pleases. This underlines the extent to which in the future the corporation will be a mere creature in the hands of the government.

Mr. Nowlan: I should not like to allow that to go unanswered. The hon. gentleman always says these things so forcibly and with such apparent venom, or—I do not want to say "insincerity" because I know that neither term is quite appropriate—

Mr. Pickersgill: I am sure the minister upon reflection—I do not object to the word "venom" in the least—will appreciate that when he questions my sincerity he is imputing motives, or so it would seem to me.

Mr. Nowlan: I am not imputing motives, but in this atmosphere one does not want to become too emphatic, even as emphatic as the hon. member for Bonavista-Twillingate sometimes allows himself to be. When he talks about "creatures of the government", "closets", "pressure" and all the rest, I suppose these things are possible—

Mr. Pickersgill: I trust the minister does not object to the word "closet". It is, of course, just a synonym for cabinet.

Mr. Nowlan: That, of course, is the historical background and I think, that as he goes on, the hon. member's earlier training may suggest some things which went on in the closets which certainly do not go on in this government. When one speaks of creatures of the government and of the safeguards which were always invoked in former legislation and which are now disregarded, I would recall that the hon. gentleman has stressed time and time again the great contribution which was made by the Bennett government—it is one of the few things he recognizes—in the establishment of the old board of broadcast governors and of the safeguards which were included in that act. I should also like to suggest to the hon. gentleman—and this may be one reason why he is so unduly suspicious today of other governments—that there was a gentleman named Hector Charlesworth who was named director of the board of broadcast governors in 1932 by the Bennett government. He was appointed for good behaviour and he was given a 10-year contract. What greater safeguards could you have than that?

Then the prime minister, from whose closet the hon. member for Bonavista-Twillingate was not too far removed, saw fit to remove Hector Charlesworth despite the fact that he had seven years to go. So the mechanism of an act does not necessarily guarantee protection if the intention is there to get rid of someone, and that happened on that occasion. That is the record of one of the earlier chairmen of this board, the—

Mr. Pickersgill: The Canadian radio commission.

Mr. Nowlan: The Canadian radio commission, yes, afterwards the Canadian Broadcasting Corporation. That is why the hon. member is somewhat suspicious of what may be contained even in an act which perhaps superficially does not contain the same safeguards as the former act did, and yet that result was achieved.

Again all I can say is that I am quite sure the hon. member will be satisfied and if he is not, as I said, we have a committee coming up next winter. He will see this in operation and I am quite sure the officers will not suffer the dire penalty that the hon. member apparently fears they will incur.

Mr. Pickersgill: Of course, Mr. Chairman, the minister does not expect me to allow his peculiarly coloured version of history to be left on the record unchallenged. What happened, of course, was not what the minister suggested at all. The parliament of 1936 saw fit to pass new legislation to create a new body called the Canadian Broadcasting Corporation which was to supplant the Canadian radio commission and they saw fit to repeal the act which created the Canadian radio commission. It was done in the open in parliament after a parliamentary debate and there was no question of any firing or anything of that sort. That was the action of parliament. What parliament does is one thing, but what I am objecting to is the opportunity this bill provides to have things done in secret, and since the minister

does not like the word I used before I will say in the secret of the cabinet.

When the minister and his colleagues sat on this side of the house we listened hour after hour to the most eloquent speeches about the days when the Tories were going to come back into power and throw open the windows of the privy council so the people of this country would know what was going on, and now we have legislation like this.

Mr. Crestohl: Mr. Chairman, the minister will recall that when we discussed a similar clause earlier in the bill I expressed an apprehension that the salaries might be modified after having been fixed by the privy council. I asked the minister to give the committee some assurance that the salaries would not be modified. We are hoping that the directors will be completely independent but if it will be possible by order in council to move the salaries and reduce them to $1 of course these officers will be constantly fearful. I would therefore ask the minister again to give the committee his assurance that once the salaries are fixed they will not be reduced.

Mr. Nowlan: Of course, Mr. Chairman, no government can bind another government. That is recognized by all. But subject to that I can assure the hon. member and the committee there will be no reduction in salaries as I outlined last night and as anticipated by the hon. member.

Mr. Caron: Mr. Chairman, at the beginning of this discussion I pointed out that there were three permanent salaried directors. To sit they need a quorum of five. They are entitled to have seven on the board. They are to be given a remuneration of $100 for each sitting day. This could amount in the course of a year to a salary higher than that paid to the Prime Minister if they were to sit almost every day and there is nothing to prevent their doing so. Why should the minister not place a ceiling on the maximum allowed? Once they are in they can do whatever they like.

Mr. Nowlan: As I said last night, Mr. Chairman, I am not in a position to fix a ceiling on this matter. This is an easier question to deal with than the board of broadcast governors which is entirely new. I would anticipate that the meetings of the directors of the C.B.C. would roughly correspond to those of the board of governors of the C.B.C. I believe they were paid $50 a day and usually they meet for three days, so one could work out an analogy based on that. I can assure the hon. member that if any director sits so long or so frequently that he draws a salary equivalent to that of the Prime Minister on the basis of $100 a day it might be a matter for "cause" rather than "pleasure". That is certainly not going to happen but they will have meetings to oversee the affairs of the corporation. The advice we received from the senior officials of the C.B.C. was that the remuneration heretofore was not sufficient and great difficulties had been encountered in holding the meetings. It was on their advice we accepted the figure of $100. Of course we accept full responsibility for it but I want it to be known it was decided on after careful consultation.

Mr. Crestohl: Mr. Chairman, I believe the danger which the hon. member for Hull pointed out might be obviated if we were to follow the honorarium that is fixed by the present legislation. The executive committee members are paid an honorarium of $1,000 a year. If we were to fix a flat honorarium per annum we would not run into the possible risk pointed out by the hon. member for Hull.

Mr. Nowlan: Mr. Chairman, it is a risk that can be averted and it will be taken care of by the corporation. I cannot go any further on the matter at the moment.

Clause agreed to.

On clause 26—*Employment of staff.*

Mr. Fisher: Mr. Chairman, I should like to ask the minister if he would give us a general explanation of this clause. It closely follows the wording of the old act but I wonder if there is any different intention in subclause 1 which I do not find in the existing act. I just wondered what was the reason for its inclusion. Is there anything implicit in it that is new?

Mr. Nowlan: I think the only reason it may be a little different from the old act is this. Hon. members will remember that employees of the board of broadcast governors will be appointed by the civil service commission. If they were employed by the corporation they will continue to be employed by the corporation. It is spelled out in the first few lines to distinguish from those appointed to the board by the commission.

Mr. Herridge: Mr. Chairman, could the minister explain something that has always been a mystery to me. I am inclined to become a bit mystified at times. Why is it that the servants of a crown corporation are not servants of Her Majesty?

Mr. Nowlan: I am sure the hon. member does not want me to become involved in an explanation of a constitutional legal question on which I frankly could not fully satisfy the hon. member unless I had the precedents of some of the old decisions before me but there are legal and technical reasons for

this and some time the hon. member and I can go down to the parliamentary library and I will endeavour to satisfy his curiosity in that respect.

Mr. Pickersgill: Mr. Chairman, before this clause passes I should like to say it is one clause which does seem to be quite satisfactory and I say that for this reason. It bears a marked contrast to the kind of legislation we considered the other day when the national capital planning commission was under discussion. The minister in this case does seem to have no intention of using a back-door method of getting rid of members of the staff he does not want and he does seem to have safeguarded the rights of the staff and I congratulate him for doing that.

Clause agreed to.

On clause 27—*Agent for Her Majesty.*

Mr. Chevrier: Mr. Chairman, there are a number of questions that come to my mind on this clause. Is it a new clause? What schedule under the Financial Administration Act does the C.B.C. follow? As the hon. minister knows, there are a number of schedules in the Financial Administration Act which make a distinction between various crown companies. For instance, the Canadian National Railways have powers, in so far as administration and the expenditure of money are concerned, which the national harbours board has not. While the Canadian National Railways must come to parliament each year for an appropriation of funds, the position concerning the national harbours board is somewhat different. It also is another agency of the crown. It approves of certain expenditures and they go to the treasury board and receive concurrence there. Will the minister tell us in what schedule of the Financial Administration Act this falls and, for instance, what are the differences financially between the new crown corporation and the one which existed heretofore?

Mr. Nowlan: I did not have the category in mind, but I did have the classification. I am advised by the officials that the Canadian Broadcasting Corporation falls in schedule D and, as the hon. member will recall, that is the one under which the greatest freedom is exercised in any of the crown corporations. I have that particularly in mind because a question arose with respect to insurance, whether it came under the insurance act under which crown property is insured or whether it did not. It was suggested that we should move into another category in order to get the benefit of that act, and I registered objection to the C.B.C. moving to another one because I wanted to maintain it in the highest classification of all and that, I am told, is schedule D. That is where it has been throughout the years when the hon. gentleman was responsible for administration as one of those on the treasury benches.

The other question he asked was as to the moneys. As he knows, the financial situation is this. Under the present act, under which we are operating, the minister must recommend all expenditures to treasury board and thereafter to cabinet, if it should go to cabinet, involving more than $25,000. Under this bill, if adopted, that ceiling is raised from $25,000 to $100,000, so that in the future the minister responsible for reporting for the C.B.C. will have to recommend expenditures only over $100,000. From that has been excluded any moneys to be paid for programming or program material, so that there will not be any suggestion of any influence by the government or the minister on funds for programming on program material although, of course, the C.B.C. will have to operate within the over-all budget which is provided for it by parliament.

Mr. Chevrier: The first question I asked was, is it a new section?

Mr. Nowlan: No, this actually is not a new section. There may be a slight redrafting. The hon. member understands there are some implications, perhaps, in this section on various problems which could arise, which we are anticipating in this, but essentially it is exactly the same section as heretofore. The corporation was an agency of Her Majesty and it is today.

Clause agreed to.

On clause 28.—*Executive committee.*

Mr. Crestohl: Mr. Chairman, I see some danger in clause 28 where it speaks of the delegation to an executive committee of all or any of its powers. If the corporation can appoint an executive committee from amongst the directors, it can appoint a committee of part-time directors. It can take three or five part-time directors and even exclude the president, the vice-president and the third permanent director, and those part-time directors can be constituted as an executive committee and as such can be given all the powers of the corporation, if they so desire. I can understand that it is necessary at times to delegate powers to an executive or to some officers to do certain things, but I should like to caution the minister that this clause as it reads now makes it possible for five of the part-time directors to receive the delegation of all the powers of the corporation, which is somewhat dangerous. If such a thing theoretically were

to take place, then five part-time directors would be serving continuously at the rate of $100 a day, as provided by the act. I therefore point out this possible danger to the minister and ask him whether that is really the intention. I cannot read the clause in any other way except that it is possible to take five of the part-time directors and delegate powers to them and they could sit continuously at the rate of $100 per day, which is certainly far beyond what I am sure the minister anticipates. Therefore, I suggest to him that he re-read this clause and study it once more very carefully in the light of the observations which I have made.

Mr. Nowlan: I would refer the hon. member to section 31 which gives the corporation power to make bylaws respecting the calling of meetings of the corporation, the conduct of business thereat, the duties and conduct of the directors, officers and employees of the corporation, and generally for the management of the affairs of the corporation. In other words, the executive committee will, if appointed—and I presume one would be appointed—be subject to the bylaws which will be passed not by two or three directors but by the directors as a whole. I can assure the hon. member that there is going to be no danger that three or four part-time members on this executive committee will be sitting here in Ottawa drawing $100 a day or anything of that kind. The whole matter will be controlled by the bylaws of the corporation which actually is what has happened in the past. They will be bylaws under which the board of governors can set up committees and delegate authority, and we have taken the provision of the existing act almost word for word.

Mr. Crestohl: Does the minister not think he could avoid it if he simply said that the executive committee should consist of at least a certain number of permanent directors and, say, only two of the part-time directors, if necessary? If it is left wide open as the clause now reads, the minister can easily see that five part-time directors could be appointed as an executive committee, which I know the minister does not intend to happen.

Mr. McIlraith: Section 9 of part I of the bill has to do with the executive committee of the board of broadcast governors consisting of three full-time members and four part-time members appointed by the board. This is not followed with respect to the Canadian Broadcasting Corporation which has a board of directors of which two are full-time personnel and the rest are part-time personnel. There does seem to be some real difficulty with the clause as it now stands.

Mr. Nowlan: There is a difference there. In the section dealing with the C.B.C. we are following pretty well the existing C.B.C. legislation. Bear in mind, these are directors who are going to be responsible for the business administration. Primarily the thinking of the government in appointing this board of directors is that they will be responsible for the business administration and the details, and so on, of the financial operations primarily of the Canadian Broadcasting Corporation.

Now, my hon. friend refers to the board of broadcast governors. There you are dealing with a national body engaged in great questions of policy, shall we say, and the government wanted to make it abundantly plain that there would be a majority of non-permanent members there so as to avoid any suggestion that this was going to become a narrow, small group controlled, shall we say, by the permanent officials in Ottawa. Really, it is because of that, because of the difference in the function, that I think the board of directors who will be businessmen primarily appointed to look after the affairs of the C.B.C. can be trusted to lay down regulations and bylaws which will cover meetings of directors. The government had it spelled out in the legislation that with respect to the board of broadcast governors there ought to be a quorum consisting of non-permanent members, and so on.

Mr. McIlraith: But in the clause dealing with the executive committee of the board of broadcast governors the government spelled out therein that the three full-time members must be on that executive committee. It has not done that with the executive committee for the C.B.C. and you can see all sorts of difficulties. If the government appoints seven new directors and they come to a meeting and, because they did not get the permanent appointments, promptly appoint themselves to the executive committee, it is not a very fitting way to direct the management of this operation.

Mr. Fisher: There is a rather discomforting tenor to the minister's last remarks about the board of directors being a group of businessmen designed to see that the corporation operates efficiently. From the minister's comments I took that to be the general purpose of the group of directors. We would expect that but surely one of the main functions of the board of governors of the C.B.C. in the past has been to be an advisory group as far as programming is concerned and to

put forward the point of view the minister mentioned earlier about programs being in good taste and of a good level. I am wondering whether that aspect of the work of the board of governors is going to be played down as far as the directors are concerned or are they still to have that general role?

Mr. Nowlan: They will have that general role subject, of course, to the general oversight of the board of broadcast governors with respect to programming as set forth in part I.

Clause agreed to.

On clause 29—*Objects and powers.*

Mr. Pickersgill: I would be much happier about this clause if the minister could tell us explicitly in what respects it differs from the objects and powers set out in the existing legislation. I simply have not had time to go through it and examine it in detail.

Mr. Nowlan: I have both pieces of legislation here and if the hon. gentleman wants to pursue this matter further I can tell him that the powers set forth here are contained almost entirely in the present Canadian Broadcasting Act. Of course, there has been removed from these powers the power to make regulations, and that is the essential difference between the two sections.

Mr. Pickersgill: I assume there are some changes in detail and, after all, this is the clause that gives the corporation its powers to do things. It is the operative section and I really think something a little more specific than a general answer should be given to the committee with respect to this clause. We should know precisely what the changes are.

Mr. Nowlan: There is a long column of a page and a half. Subclause (a) is identical, maintain and operate broadcasting stations. I would say that subclause (b), establish, subject to the approval of the governor in council, broadcasting stations, is identical, although perhaps one or two words have been left out. In the present clause the words are "such broadcasting stations as the corporation considers necessary or desirable" and in the old act there are the words "from time to time."

Mr. Pickersgill: Could I ask the minister a question about that? That would appear to me to conflict with the powers of the board of broadcast governors. Perhaps he would like to clear that up.

Mr. Nowlan: That is exactly what I said. I told the draftsmen that they had pulled a boner and they pointed out to me the fact that this whole thing is subject to part I of the act and therefore subject to the board of broadcast governors. That applies also to regulations, although they have to be approved by the governor in council.

Mr. Pickersgill: That is what part II means, is it? In other words, the corporation may decide to establish a station but before it can do so it must go to the board of broadcast governors and get their approval and also the approval of the governor in council.

Mr. Nowlan: If the hon. gentleman will look at subclause 2 of clause 29 he will see that the corporation is bound by the provisions of part I.

Mr. Pickersgill: Not being a lawyer, I must confess that I was puzzled by subclause 2.

Mr. McIlraith: Does not the essential difference in clause 29 lie in the fact that the corporation is not charged with any responsibility? The clause now reads:

(1) The corporation is established for the purpose of operating a national broadcasting service, and in particular, but without restricting the generality of the foregoing, has power to—

The powers then enumerated are largely similar to those in the present act with the exception of the power to make regulations. But the old act had a wholly different approach to the question. The act now in existence reads as follows:

The corporation shall—

I emphasize the word "shall".

—carry on a national broadcasting service within Canada and for that purpose may—

Then the section went on to enumerate the powers the corporation had for that purpose. There is a basic and fundamental difference here and I should like to get some explanation of it. The former legislation charged the corporation with a definite responsibility and gave it a duty to perform. The new legislation now before us does no such thing at all. The corporation does not need to do anything under the new legislation.

Mr. Nowlan: I am not going to enter into a legal argument with my learned and hon. friend on that score. He may see a fundamental difference from the old act. The old act says "the corporation shall carry on a national broadcasting service within Canada and for that purpose may—". This bill says that "the corporation is established for the purpose of operating a national broadcasting service, and in particular, but without restricting the generality of the foregoing, has power to". The difference there, of course, is between may do something or has power to. There is no doubt in the world that when the new act is proclaimed the corporation created by this part will take over the functions and activities of the Canadian Broadcasting Corporation which will have been

carried on up to that moment and will operate them in pursuance of clause 29.

Mr. McIlraith: But the difference is very real. It is much deeper than the minister indicates. The difference is that the act now in force compels the corporation to carry on a national broadcasting service. The new legislation does not compel it to do any such thing. It does not charge it with any such responsibility at all. It gives it the power to do a whole lot of things but it leaves out the main purpose of the whole legislation.

Mr. Nowlan: In that regard I must say I have been a little bit surprised in this debate. Very often quotations are made from the Winnipeg *Free Press* which is usually fairly close to hon. gentlemen opposite, and I would refer them to an editorial in the Winnipeg *Free Press* which I received this morning. The editorial says that the bill does authorize the Canadian Broadcasting Corporation to carry on a national broadcasting service and has created no difference in the broadcasting service whatsoever. Apparently there is a slight difference of opinion in this particular regard, but I am sure that we on this side of the house will accept the opinion of the Winnipeg *Free Press* rather than that of hon. gentlemen opposite.

Mr. McIlraith: It is not good enough to take the opinion of an editorial writer on a matter like this. I think the *Free Press* is a very fine newspaper and I am very glad that the minister finds time to read it, but I think he should address himself to the point. The point is very real. Under the clause in the new bill it is quite easy to get away from the main responsibility of operating a national broadcasting service. There is nothing in the legislation parliament is being asked to pass that charges the corporation directly with that responsibility, as was the case in the 1932 and 1936 legislation.

Mr. Nowlan: I cannot accept that interpretation of the bill.

Mr. Chevrier: Earlier, in answer to a question asked by the hon. member for Bonavista-Twillingate, the minister proceeded to indicate what the differences were between the objects and powers contained in the new act and those contained in the old. I will not ask him to go over them seriatim but there is one that comes to my attention, subclause (j).

Mr. Nowlan: Of the bill.

Mr. Chevrier: Of the present bill. Subclause (j) reads as follows: "acquire copyrights and trade-marks." On the other hand, subsection (j) of the old act reads as follows:

> Acquire copyrights in any literary, musical or artistic works, plays, songs, gramophone records, news and other matter.

Is there any reason why all of the descriptive words concerning copyrights have been dropped and the words "copyrights and trademarks" only included in the present bill?

Mr. Nowlan: There is nothing whatever that I know that I can tell the hon. member. While I am responsible and the government is, this matter was left, according to my understanding, so that the drafting would be exactly the same with respect to all these powers as contained in the old act. If these words have been omitted, as obviously they have been, there is no explanation which I can give the hon. member. I assure him it has nothing to do with intent and it is simply a matter of draftsmanship.

Mr. Chevrier: I am sure it had not anything to do with intent, but do the words "copyright and trade mark" cover all the words I have enumerated earlier in the old act?

Mr. Nowlan: The hon. member, being a very good lawyer with a wide experience, would know that when you start enumerating matters and you leave one out that old rule of *exclusio unis* applies. This phraseology is much better because we simply have the general statement "copyright and trade marks". The old act referred to copyright and trade marks for gramophone records and so on, so I would say, with all due respect, this is probably better draftsmanship than the other one. The hon. member knows from his legal experience that it might be argued that something that did not fall within the definition of gramophone records could be excluded.

Mr. Chevrier: Dealing with (m), is there any significance in the fact that under the new bill one of the powers given is to secure broadcasting stations, either by lease or otherwise, whereas under the old act it was to acquire private stations. Is there a distinction to be made between private stations and broadcasting stations?

Mr. Nowlan: I did not catch the reference.

Mr. Chevrier: It is subclause (m).

Mr. Nowlan: The hon. member says that in one case it refers to private stations?

Mr. Chevrier: Yes, and in the other to broadcasting stations. I was asking whether there is any distinction to be made between the two?

Mr. Nowlan: No.

Clause agreed to.

On clause 30—*Acquisition and disposition of property.*

Mr. Crestohl: This clause says that the corporation may purchase, lease or otherwise acquire real property. Would the words "otherwise acquire" include the right of expropriation, once the corporation is an agent of Her Majesty?

Mr. Nowlan: If the hon. member will look forward to the next page, clause 32, he will find spelled out there the power of expropriation, and therefore expropriation would be governed by that clause rather than by clause 30. Of course, clause 30 deals only with the acquisition of property by the C.B.C., and if it uses that property to establish a radio station or a network it would have to apply to the board of broadcast governors before doing that.

Mr. McMillan: I should like to direct a question to the minister in connection with line 3, and ask, in the case of the leasing of real property for a period of say five years at $20,000 a year, would that be done without reference to the governor in council? Does it refer to $100,000 in one year?

Mr. Nowlan: It means when the total amount involved exceeds $100,000, whether it is for one year or five years, the corporation would have to recommend that expenditure to the minister and the minister to the treasury board. So long as the total amount submitted to the treasury board and to the cabinet is less than $100,000, it is all right.

Mr. McMillan: That is over the total length of time for which the lease is made?

Mr. Nowlan: Yes.

Mr. Fisher: Could the minister tell us how often, in the last financial year the corporation had to come to him and to the treasury board for an expenditure of more than $25,000?

Mr. Nowlan: I cannot say offhand but I can say, I think to the irritation of the gentlemen who are sitting within the sound of my voice, that when I returned after being away for a few days last month I found five submissions on my desk all involving expenditures of more than $25,000. I think that is above the average, but we did have those five at one time. Then, we have recommendations for leases; we have Toronto properties for which we have 24 different leases and some of the rentals for terms of a period of years, amounting to more than $25,000; we had a lease the other day for Winnipeg; we have leases in Montreal, and there are, shall we say, a worrying number of these submissions that come in involving substantial amounts of money.

Clause agreed to.

Clauses 31 to 34, inclusive, agreed to.

On clause 35—*Annual budgets.*

Mr. Pickersgill: I should like, not that I think it will do very much good, but in order to bring the bill a little more in line with what was recommended by the Fowler commission, to move:

That section 35, subsection 2, be amended by inserting the words "and current" after the word "capital" in line 15.

The clause would then read:

Within one year after the coming into force of this act and every fifth year thereafter the corporation shall submit to the minister and the Minister of Finance for submission to the governor in council a five-year capital and current program proposed by the corporation together with a forecast of the effect of the program on the corporation's operating requirements.

Mr. Nowlan: This was a matter of policy which was decided upon by the government. It was decided that with the expenditures for the C.B.C. running to $60 million and $70 million, according to the Fowler commission, within a year or two that these moneys should be reported and passed upon by parliament. This does not mean there will be any different procedure than there has been heretofore. There will be a vote towards the operating deficit of the Canadian Broadcasting Corporation, and that has been done for some years. The treasury board has had to approve of all these matters.

We propose to carry on the same policy with respect to the current expenditures as was carried on by our predecessors throughout the years, except a year or two when the excise tax provided sufficient moneys with which to carry on all of the operating expenses of the corporation. I believe that this is an improvement, at least it is a step in the right direction over that practice which prevailed heretofore because you get this capital budget approved by the governor in council and a forecast of the effects of that program on the corporation's operating requirements. The Canadian Broadcasting Corporation would, therefore, have in front of them an estimate, approved by the government of its capital program and a forecast of the effects of that on its current program, and with these two safeguards it should be relatively easy, subject to the vicissitudes of economic conditions or wars and other developments which one cannot foresee in the immediate future, for the C.B.C. to plan its program better in the future than it has been able to do in the past.

Mr. Pickersgill: The minister would not expect that travesty on the history of the corporation to go unnoticed. The minister knows quite well that every royal commission and every parliamentary committee that has considered broadcasting, and has considered this question, has taken the view that it would be undesirable to have the C.B.C. financed by annual appropriations. He knows that this was emphatically stated by the Massey commission and a scheme of financing was laid down by the Massey commission, which was implemented by the previous government over the opposition of hon. gentlemen then sitting over here, to give the C.B.C. an assured budget for a period of five years.

The question also arose of whether there should be a television licence or whether some other method of financing should be found for television, and the government had sought to find some means of financing which would be automatic and which would not be under the day to day control of the treasury. It was decided, as I indicated last night on second reading, to earmark the excise tax. Mr. Abbott introduced a bill which was opposed by hon. gentlemen opposite but which was passed by this house and which gave, until about two years ago, to the C.B.C. sufficient revenue of an assured character which was not under the control of the government.

Regrettably over the last year or two, because of the relative decline in revenues from the excise tax and because of the growing cost of adequate television coverage for the country, it became necessary for the government of the day, a government of which I was a member, to make annual appropriations. But we did that as a *pis aller,* realizing that it was a bad way to do things but that an emergency had to be met. As I said before that was the principal reason that the Fowler commission was appointed, and the Fowler commission, in the most emphatic of all its recommendations, recommended that the C.B.C. should be independent financially of annual appropriations, and that it should have an assured income with a maximum and a minimum so that it could plan ahead and so that it would not be subject to the day to day control of the government.

I realize that it is not competent to anyone on this side of the house to make the kind of amendment that is embodied in any of the financial schemes outlined in the Fowler report. However, it seems to me that the amendment which I have suggested and which does not involve any expenditure but merely involves the preparation of a five-year current budget as well as a five-year capital budget, would at least give to parliament and to the public the C.B.C.'s idea of what its needs were for the five-year period; and to that limited extent, at any rate, it would be a slight amelioration of what is a thoroughly bad scheme. It is for that reason that I put forward the amendment, not because I think this amendment will make this a good provision but rather because I think it will make this provision slightly less objectionable.

Some hon. Members: Question.

Amendment (Mr. Pickersgill) negatived: Yeas, 26; nays, 93.

The Chairman: I declare the amendment lost. Shall clause 35 carry?

Mr. Fisher: As to some of the remarks of the hon. member for Bonavista-Twillingate with regard to travesty may I say this. Despite the fact that we voted for his amendment we should like to dissociate ourselves from those remarks. But we feel that what he was trying to get at with his amendment was worth while. We should like to move that the following clause or the following phrase be inserted in clause 35, section (1) after "Minister of Finance" reading: "And in addition a further projected program for the next four years". This section (1) would then read:

(1) The minister shall annually lay before parliament a capital budget and an operating budget for the next ensuing financial year of the corporation, approved by the Governor in Council on the recommendation of the minister and the Minister of Finance and in addition a further projected program for the next four years.

The Chairman: All those in favour of the motion—

Mr. Herridge: Not quite so quick, please, Mr. Chairman. I want to support the amendment moved by the hon. member for Port Arthur. We in this group believe that we cannot have in an organization like the C.B.C. programs operated without some long term point of view, some continuity. The Canadian broadcasting league and others, like the members of this group, would like to have seen some five-year financial program. I should like to read a paragraph contained in a press release issued by the league yesterday dealing with that question:

The league is disappointed that the bill makes the C.B.C. dependent on annual grants from parliament. The provision for a five-year capital draft program is an improvement. But it is not enough. The bill should provide a formula by which the C.B.C. would be assured of a predictable revenue for a definite period of years, thus providing a further guarantee of the C.B.C.'s independence from partisan influence.

The amendment proposed by the hon. member for Port Arthur does not go as far as is suggested in the representations of the Canadian broadcasting league but it is a step in that direction in order to get, shall I say, the administration in the habit of projecting its

program for the next four years so that those responsible for dealing with financial aspects of policy will have that in mind and possibly see the benefits, I should say, in the future, as a result of this projected program of having the financial arrangements for a longer period of years.

I am not going to take the time of the committee further but I should like the minister to express his opinion concerning our amendment and what objection he would have to including this amendment which, I am sure, even from his point of view is a most innocent one, namely the addition of the words "and in addition a further projected program for the next four years". That is not a financial program. However, it lays the basis for financial considerations for the next four years and gives some continuity toward the development of programs and the activities of the C.B.C.

Mr. Nowlan: As I have said, the general principle which the hon. gentleman has in mind in his amendment is something with which we can all sympathize and I trust that some day we will get a levelling off so that we can project expenditure. However, I should like to call the attention of hon. members to these figures which I have in front of me now. How would you project a five-year plan when, using round figures, in 1954 the C.B.C. spent $31 million; in 1955, $40 million; in 1956, $49 million; in 1957, $62 million and this year an estimated $70 million. There is an increase of over 100 per cent in five years, and it is still going on.

I suggest that in the changing conditions of the present day, with the expansion of the microwave service and the other technical developments which may come—colour television for instance is something which may come in the relatively near future—together with the expansion of the service to the north, all these things depending on the general financial situation of the country, it cannot be expected that it will be practical to establish a five-year program. I invite the committee to consider the figures which I have read, which show an increase of over 100 per cent in five years. I wonder where the expenditure will be in another five years time.

Mr. McIlraith: Would that not be approximately the increase that the minister forecast five years ago when he talked about the increase that would be involved because of developments in the field of electronics and television?

Mr. Nowlan: Fowler, in taking this up never had such an increase in mind. Anyway that is one of the principal reasons why we cannot accept an amendment of this kind which would commit us to a long term program.

[Mr. Herridge.]

Mr. Chevrier: What the minister has just explained seems to me a good reason why we should have a program projected four or five years in advance. What is asked for here is not a detailed program in so far as the financial aspects are concerned, and surely it would be possible for the broadcasting corporation to project a program four years in advance one which, though it might not be carried out in its entirety, would yet give parliament when the budget is tabled some idea of what the corporation has in mind during that period of time. It seems to us that if this were done it would be something to which the government itself could look forward. For these reasons we on this side of the committee feel we should support the amendment.

Amendment (Mr. Fisher) negatived: Yeas, 31; nays, 94.

Mr. Fisher: I mentioned earlier in connection with this question of projecting a five-year forecast that we thought it could be done without too much trouble, and the minister seemed rather sympathetic. For that reason we should like to move an amendment to clause 35, subclause 2 as follows:

That the phrase "and every fifth year thereafter" be struck out and the following be added after the word "requirements":

"This program to be extended annually in order that a five-year projection of the program and forecast shall always be before the governor in council and parliament."

This would involve nothing more than extending the forecast annually so that we might always know just what the five-year projection is, and so that there will be no build-up of suspense with regard to the C.B.C.'s planning as we move closer to the end of the fifth year of the forecast.

Mr. Herridge: I should like the minister, who seems to be looking over this way as if in sympathy with this amendment, which is slightly different from the one moved previously, whether he would tell the house whether he has any objection to this amendment as moved by the hon. member for Port Arthur, and if that should be the case, what his objection might be.

Mr. Nowlan: I have already indicated it in my reply to the previous proposed amendment.

Amendment (Mr. Fisher) negatived: Yeas, 30; nays, 94.

Clause agreed to.

On clause 36—*Report to parliament.*

Mr. Pickersgill: I do not propose to take much of the time of the committee in argument, because the argument has been made already over and over again during the course of the discussions on this bill. But since there is another opportunity to get the sense of the committee on this matter, I move:

That clause 36 be amended by striking out the word "minister" in lines 20 and 22 and substituting therefore the words "board of broadcast governors" in both cases.

The purpose of this amendment, of course, is to carry out to some very limited degree the recommendations of the Fowler commission to bring the corporation under the direction of the board of broadcast governors and not of the government.

Amendment (Mr. Pickersgill) negatived: Yeas, 28; nays, 94.

Mr. McIlraith: Mr. Chairman, while it is quite true we have a difference with the government as to the channel through which the C.B.C. shall report to parliament for reasons that have been given in debate several times today, I do want to commend the minister for placing on the corporation the obligation to prepare and provide parliament with a report on the operations of the corporation. That is something which I think should be done with respect to all crown corporations. I hope the Prime Minister will not misunderstand my remarks if I express the wish that the Minister of National Revenue would show this clause to the Prime Minister and commend it to his attention for the next time he is amending the National Capital Act.

Clause agreed to.

Clauses 37 to 42, inclusive, agreed to.

The Deputy Chairman: Shall the committee revert to clause 14?

Some hon. Members: Agreed.

On clause 14—*Non-Canadian interests.*

Mr. Nowlan: Yes, Mr. Chairman, it is a little too early for the applause as yet. The committee will remember we had a discussion this afternoon on clause 14 which was stood over. The Leader of the Opposition pointed out that clause 14(b) permitted a non-Canadian citizen to acquire a licence if authorized by the board within the first six years of his tenure and afterwards he could not get one and there was some question about what would happen in the case of a transfer. I have given some consideration to this and during the dinner recess I discussed it with the officers of the Department of Justice. I am perfectly happy to leave it so a non-Canadian could get one but there is an obvious flaw in the bill as pointed out by the Leader of the Opposition. If the committee is prepared to accept it I should like to have moved an amendment striking out subclause (b) entirely and relettering subclause (c) to become (b). I believe that will meet the question raised by the Leader of the Opposition this afternoon. When the bill is amended further consideration could be given to providing for non-Canadians seeking a licence. This is the quickest and simplest way to deal with it at the moment.

Mr. Pickersgill: Mr. Chairman, I should just like to say a word on the suggestion made by the minister. I understand he has not formally moved the motion yet. I am very sympathetic with what the minister was trying to do in this clause as I imagine the minister would expect me to be because a person who is lawfully admitted to Canada for permanent residence is a person who has come here, landed as an immigrant, with the intention of remaining here and becoming a citizen. When we say we do not like the idea of a foreigner having a licence to operate a station in Canada, that is a position I believe everyone in the committee would feel a proper one to take. But in a country of immigration like this it is in a way perhaps rather difficult to say that people who have every intention of leaving permanently their former country of residence and becoming citizens of this country should be denied for at least five years the opportunity of getting a licence. I do not think, in fact, this would be any great hardship because in circumstances of that sort it is always possible to make certain legal arrangements through partnerships and things of that sort so the licensee could probably be a Canadian citizen and the other person could become an employee for the time being. Some arrangement of that sort could be worked out so I doubt if any great hardship would be worked if this were taken out.

I suppose the minister has given consideration to the other effect it will have if he does this. It will make the new legislation more restrictive than the present Canadian Broadcasting Act because that act leaves it open to any British subject to have a licence. This will mean that in the future no one who is not a Canadian citizen can have a licence. I am not trying to create any difficulties for the government but am attempting to assist the government solve a genuine difficulty. The other point that was raised was also quite serious. If we were going to leave it in I had intended to suggest we add something like this—and this is just a suggestion

—to the clause, that after the words "six years" and before the word "or" the following words be added: "But such licence shall automatically be revoked if the licensee having so resided for six years has not become a Canadian citizen."

It seemed to me that to give a licence to someone because he could not legally become a Canadian citizen and then to allow him to go on without becoming a Canadian citizen and retaining his licence would be something we would not want to have happen. As far as we are concerned I believe we would take the view that if the minister thinks this is the best thing to do for the time being we would have no objection to the amendment.

Mr. Nowlan: Mr. Chairman, I believe it is probably the best thing to do. I have an open mind on the question. I have been so advised by the officials tonight, having in mind that we could carefully consider this when the committee meets during the next session of parliament. If it meets with the general approval of this committee I would ask my colleague, the Minister of Citizenship and Immigration to move an amendment to this clause which will result in taking out subclause (b) and relettering (c) to become (b).

Mrs. Fairclough: Mr. Chairman, I move:

That section 14 be amended by deleting clause (b) and that clause (c) be relettered as clause (b).

Amendment (Mrs. Fairclough) agreed to.

Clause 14, as amended, agreed to.

Title agreed to.

Mr. Fisher: One question; the minister said that either on his estimates or before the end of this debate he might be able to give us some indication whether paragraph (6) of clause 3 precludes the present members of the C.B.C. board of governors from becoming members of the board of broadcast governors. Is he in a position to tell us that now?

Mr. Nowlan: I am advised it is not possible because one comes into operation and the other goes out of operation, and therefore you cannot be a member of both boards at the same time.

Bill reported.

Mr. Speaker: When shall the bill be read a third time? By leave, now?

Mr. McIlraith: Next sitting.

Mr. Pickersgill: By leave, now.

Mr. Speaker: By unanimous consent, now?

Mr. Nowlan moved the third reading of the bill.

[Mr. Pickersgill.]

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a very few observations I should like to make before the bill passes if the minister does not wish to speak.

Mr. Nowlan: No, I think the minister has spoken enough.

Mr. Pickersgill: I am not going to trespass on the time of the house very long but I was very grateful to the minister for establishing a precedent in the committee, a precedent which I am going to try to follow by keeping within the rules, if I can, as Your Honour interprets them.

The minister quoted from the Winnipeg *Free Press,* and he commended an editorial to us on this side of the house. I would like to make as my own views, certain views, which are expressed in an editorial of the Ottawa *Journal* today. I feel I would be saving the time of the house by reading the editorial instead of—

Some hon. Members: Oh, oh.

Mr. Pickersgill: If hon. gentlemen would rather have me put it in my own words I would be glad to do so, but I am afraid I would not be nearly as concise as the editor of the Ottawa *Journal.*

Mr. Nowlan: Read it, by all means.

Mr. Pickersgill: It does seem to me that perhaps many of the hon. members on the other side of the house would rather hear the editor of the Ottawa *Journal* than hear me. That is generally the view they take, at any rate.

Mr. Grafftey: Never.

Mr. Speaker: I take it the editorial relates to the matter now before the house?

Mr. Pickersgill: That is correct, sir.

Mr. Speaker: Has the hon. member leave of the house to read this editorial?

Some hon. Members: Agreed.

Mr. Pallett: Read it quickly.

Mr. Pickersgill: It has been suggested by some of the newer members of the house that I should read this editorial quickly. I have a long acquaintance with, and great respect for, the editors of the Ottawa *Journal* and they do not write to be read quickly; they write to be read at leisure, with the full enjoyment of their sentiments and I would not wish to do less than justice, in so far as it is possible for me at all, to the sentiments expressed in this editorial.

The editorial is entitled:

C.B.C. and Parliament; Too Fast, Too Uncertain. Mr. Nowlan, as the responsible minister—

That, of course, is not quite correct. I do not mean to suggest that he is not a responsible minister, but in this context I always described the relationship of the minister and his connection with the C.B.C. as a drain pipe.

Mr. Nowlan: Mr. Speaker, on a point of order, unanimous consent was given to the reading of this editorial so that it would shut the hon. member up. Since he is going to interpolate all the way through, I would suggest that he make his speech and throw the editorial away.

Mr. Pickersgill: I think the minister is right, sir, and I will refrain from any interpolations. I continue with the editorial:

Mr. Nowlan, as the responsible minister, says that when the broadcasting act is passed "the C.B.C. will find itself in a stronger position than ever before". Why? Because, he says, it will be relieved of the friction-causing duty of regulation of private stations which will be taken over by the new board of broadcasting governors.

But, says Mr. Pearson, the new legislation will weaken the position of the C.B.C. and could lead to two systems of broadcasting, one private and one public, with the C.B.C. given no special position and presenting the danger that the B.B.G. might give more attention to private broadcasters than to the national system.

Mr. Nowlan speaks of the B.B.G. as "the overriding agency which is going to lay down the regulations and to enforce them". This sounds like no milk-and-water board of amiable gentlemen prepared to let the C.B.C. do pretty well as it likes. It sounds like a board of extensive power, competent to interfere with minute details of C.B.C. operations.

Mr. Pearson fears, and we think with reason, that the 15-man board of broadcast governors and the 11-man board of C.B.C. directors will get in each other's way to the detriment of the national service.

None will doubt the good intentions of the government—

This is a terrible temptation!

None will doubt the good intentions of the government or even take lightly Mr. Nowlan's contention that a fundamental problem—the allocation of authority over broadcasting—has been solved. But in spite of the minister's reassurances, the text of the bill leaves unanswered the question whether the C.B.C. is to have authority and freedom to maintain a good national service.

The time for further discussion is short. But if the legislation is passed without a full answer to that question parliament—and that means all parties—will not have done its job.

Well, sir, we have not had that answer. We on this side of the house do not want this bill to pass and it is our intention to vote against third reading.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I want to explain that we are going to vote for the bill for reasons we have indicated earlier. I may sum this up in essence by saying that we feel matters cannot be further delayed. We accept the assurance of the minister that a committee of the house at the next session will deal with a review of the act and have some sort of meeting or liaison with the board of broadcast governors. We support the legislation. Some of our misgivings have been allayed by the candid way in which the minister spoke and met some of our amendments suggesting changes with sympathy. We are going to be optimistic about the eventual outcome of this bill.

I want to enter, if I may, a few remarks by a Mr. Finlay MacDonald who was once general manager of the Canadian association of radio and television broadcasters. This is from an article entitled:

Will The Conservatives "Bell" the C.B.C.?

This article appeared in the *Atlantic Advocate* of January, 1958. The particular paragraph in this article that interests me has little or nothing to do with the bill but it indicates the hopes that we have:

It is now most interesting to observe the change in a group of men going from opposition to government. The fire of their criticism has been replaced by the studied, defensive consideration of their replies. Where before, they represented the grievances of the individual citizen, they must now be responsive to those issues of interest to the larger segments. What else would we expect?

I would say that we expect that the very best intentions which have been expressed by the minister will come to pass and that our dealings with the board of broadcast governors next session when they come before the select committee will be harmonious. I also trust that we will discover that everything has turned out for the best under this not quite the best of all possible bills.

The house divided on the motion (Mr. Nowlan) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Chown
Allard	Churchill
Argue	Coates
Asselin	Comtois
Beech	Cooper
Bell (Carleton)	Courtemanche
Bell (Saint John-Albert)	Crouse
Belzile	Deschambault
Bigg	Diefenbaker
Bissonnette	Dinsdale
Bourdages	Dorion
Browne (St. John's West)	Drouin
Browne (Vancouver-Kingsway)	Dubois
Bruchesi	Fairclough, Mrs.
Cadieu	Fairfield
Campbell	Fane
(Lambton-Kent)	Fisher
Campbell (Stormont)	Fleming (Eglinton)
Campeau	Fleming (Okanagan-Revelstoke)
Cardiff	Flynn
Chambers	Frechette
Charlton	Grafftey

Green	Nasserden
Grenier	Nesbitt
Hales	Nielsen
Hamilton (Notre Dame de Grace)	Nowlan
Hanbidge	Nugent
Herridge	O'Hurley
Horner (Acadia)	Pallett
Horner (Jasper-Edson)	Parizeau
Howard	Pascoe
Howe	Paul
Jones	Pearkes
Jung	Peters
Kindt	Pigeon
Kucherepa	Pratt
Lahaye	Pugh
Lambert	Rapp
LaRue	Rea
Latour	Regnier
Lockyer	Ricard
Macdonald (Kings)	Richard (Kamouraska)
Macdonnell	Rogers
MacInnis	Rompre
MacLean (Queens)	Rynard
MacLellan	Simpson
MacRae	Skoreyko
McCleave	Small
McGrath	Smith (Hastings-Frontenac)
McGregor	Smith (Lincoln)
McIntosh	Southam
McPhillips	Speakman
Martin (Timmins)	Spencer
Martineau	Starr
Martini	Stefanson
Monteith (Perth)	Stewart
Monteith (Verdun)	Tasse
Montgomery	Thomas
More	Thompson
Morissette	Tremblay
Morton	Valade
Muir (Cape Breton North and Victoria)	Webster
	Winkler—124.

NAYS

Messrs:

Badanai	Habel
Batten	Leduc
Benidickson	Lessard
Boivin	Macnaughton
Bourget	McIlraith
Bourque	McMillan
Brassard (Lapointe)	McWilliam
Caron	Mitchell
Carter	Pickersgill
Chevrier	Ratelle
Crestohl	Richard (Ottawa East)
Denis	Richard (St. Maurice-Lafleche)
Deschatelets	Roberge
Dumas	Rouleau
Dupuis	Tucker—31.
Gour	

And the Clerk proceeding to announce the result of the vote:

Mr. Speaker: Did the hon. member for St. Antoine-Westmount (Mr. Webster) intend to vote?

Mr. Webster: Yes, I was sitting in the wrong seat.

Mr. Speaker: With the yeas or nays?

Mr. Webster: I voted for the motion.

And the result of the vote having been announced:

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Green: Mr. Speaker, we have had a rather hectic day today. Perhaps hon. members would wish to call it ten o'clock.

Some hon. Members: Hear, hear.

Mr. Green: The business for tomorrow will be consideration of the estimates of the following departments. First we shall take the Department of National Revenue—

An hon. Member: No rest for the minister.

Mr. Green: He has done so well today, we are going to put him up to bat tomorrow. Then we shall take the departments of citizenship and immigration, trade and commerce, post office and transport.

Mr. Chevrier: May I ask the house leader whether that will be the order for Thursday, Friday and Saturday?

Mr. Green: No. I am afraid I cannot give the hon. member that information this evening.

Mr. Speaker: May I inform the house that, pursuant to the order made this morning, the activities of the Clerk and of the translation department under the Secretary of State have been such that sessional paper 214, the agreement between the government of Canada and the government of Saskatchewan, is available in French.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

HOUSE OF COMMONS

Wednesday, August 27, 1958

The house met at eleven o'clock.

STARRED QUESTION

GEORGE P. LEBLANC—ALEX P. BOUDREAU

Question No. 33—**Mr. Pickersgill:**

1. Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton Highlands national park effective June 10, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

An hon. Member: Stand.

Mr. Pickersgill: Mr. Speaker, I wonder whether some means can be found to get this question answered. It has been on the order paper since July 21. It was put there with a view to having it answered before the minister's estimates were brought up.

Mr. Green: Mr. Speaker, in the absence of the minister I will have to ask that this question stand.

Mr. Speaker: Stand.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT IMPORTS OF MANUFACTURED PRODUCTS

Question No. 168—**Mr. Roberge:**

1. Does the Canadian government import manufactured products, either for its own use or for the use of crown corporations?
2. If so, (a) what products; (b) which are for the use of the government; (c) which for the use of crown corporations?

WESTERN FLYER COACH LTD.—BUS CONTRACTS

Question No. 184—**Mr. Argue:**

1. Have any contracts been let by any department of the federal government for the purchase of buses or other equipment from Western Flyer Coach Limited, Winnipeg, at any time since January 1, 1956?
2. If so, how many buses, or other items of equipment were ordered, what were the specified delivery dates, and what is the unit price of such buses or other items?

BEAR COVE SKIDWAY, HALIFAX COUNTY, N.S.

Question No. 191—**Mr. McWilliam:**

1. What expenditures have been made annually for the fiscal years 1948 to 1958 inclusive, on the skidway at Bear Cove, Halifax county (west), Nova Scotia?
2. How many fishing boats actively operate from this skidway?
3. What has been the annual landed value each year for the years 1950 to 1957 inclusive, for each of the following species: (a) salmon; (b) cod; (c) haddock; (d) lobster; (e) halibut?
4. How many boats will the facilities at Bear Cove accommodate?
5. What is the average amount of fish cured and/or processed at Bear Cove?

MOTION FOR PAPERS

MRS. A. E. WOODMAN

Motion No. 38—**Mr. Pickersgill:**

For a copy of all correspondence exchanged between the Prime Minister and Mrs. A. E. Woodman of Jasper, Alberta, since March 31, 1958, regarding employment in the national park at Jasper, Alberta.

Motion agreed to.

NATIONAL DEFENCE

WINNIPEG—INQUIRY RESPECTING GRANTS TO SEPARATE SCHOOLS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, *Le Droit* carries a story datelined Winnipeg in its issue of August 26 to the effect that the defence department has ceased to pay a subsidy or grant in lieu of taxes to parochial or separate schools in Winnipeg, where some 100 children of members of the armed forces professing the Catholic faith have been in the habit of attending such schools. The article suggests that because of this the children may have to attend other schools.

The question I would like to ask the minister is this. Is this an accurate story, and would the minister comment on the article which I have sent to him together with a copy of my question?

Hon. G. R. Pearkes (Minister of National Defence): I thank the hon. member for giving me notice of this question. I am informed that the Department of National Defence has not been paying a subsidy or grant in lieu of taxes to parochial or separate schools in the Winnipeg area. Until this year the municipality of St. James, in which is situated the R.C.A.F. station at Stevenson field, has not accepted the municipal grant in lieu of taxes from the federal government. Consequently my department has been paying non-resident school fees for the education of dependants of servicemen at this station. This year the

municipality has accepted this grant, including that portion covering education.

Mr. Chevrier: May I ask a supplementary question. I have forgotten the expression the minister used, but have those subsidies ceased now?

Mr. Fleming (Eglinton): He said there were not any.

Mr. Chevrier: Have those school fees ceased to be paid?

Mr. Pearkes: Non-resident school fees have been paid in the past, but this year the municipality of St. James accepted the full grant in lieu of taxes; therefore that portion of the grant which covers educational fees is paid to the municipality of St. James in which is located the R.C.A.F. station.

EXTERNAL AFFAIRS

COLOMBO PLAN—REPORTED INCREASE IN CANADIAN CONTRIBUTION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Would the Prime Minister comment on the press report of this morning that Canada will propose at the coming commonwealth conference a 50 per cent increase in our contribution under the Colombo plan? If this is the policy of the government, can the Prime Minister say whether a supplementary estimate will be brought in this session?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as that article is concerned it is purely conjecture. The decisions as to what will be discussed at that conference are naturally in a state of fluidity. Various matters and phases of these matters receive constant consideration. I can go no further than to say that the article to which the hon. gentleman has made reference deals with a matter in respect of which there has been no final decision.

(Translation):

HEALTH AND WELFARE

QUEBEC—INQUIRY AS TO REQUEST FOR HELP FOR DIABETICS

On the orders of the day:

Mr. J. A. Richard (St. Maurice-Lafleche): Mr. Speaker, I would like to put a question to the Minister of National Health and Welfare.

I have been told that the general manager of the Diabetics Auxiliary, Mr. Beauchamp, has travelled on foot from Quebec to Ottawa, a distance of approximately 250 miles, to put the case of all those unfortunate people afflicted with diabetes in this country before the Minister of National Health and Welfare.

Would the minister be so kind as to tell the house if he has given any consideration whatever to the request for assistance made by Mr. Beauchamp? Or is it that such a request should first be endorsed by the Quebec provincial minister of health to be considered in my province?

I would be very much interested to find out if these unfortunate people may rely on immediate assistance from the federal government, since there are several hundreds of them in my constituency.

(Text):

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, first of all may I apologize for not being able to reply to the hon. member in French. I appreciate his having given me a copy of this question just as I came into the house. I did meet Mr. Beauchamp, and I would point out that I am sympathetic, the department is sympathetic and the government is sympathetic to all people suffering from all classes of diseases. I would also point out that a project of the nature suggested by Mr. Beauchamp would have to come to us through the province.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO DATE OF RECEIPT OF ADVISORY COMMITTEE REPORT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether the Minister of Labour is now in a position to answer the question I asked him a day or two ago.

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker, I intended to rise earlier and reply to the question. Under section 90 of the act, relating to the unemployment insurance advisory committee, the report must be tabled within 30 days after it has been submitted to the governor in council. It was submitted to the governor in council on July 31 and was tabled on August 20.

Mr. Pickersgill: In other words, am I correct in saying that the minister had this report before his estimates were considered in the house?

Mr. Starr: That is right.

INQUIRY FOR RETURN

FEDERAL-PROVINCIAL TAX-SHARING AGREEMENTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wonder whether I could ask the Minister of Finance when the return of correspondence relating

to the federal-provincial tax-sharing agreements will be tabled in the house pursuant to the order of the house passed on July 28?

Hon. Donald M. Fleming (Minister of Finance): I will look into the mattter. My recollection is that when the order was passed I indicated that I thought probably all the correspondence had already been tabled. However, I shall be glad to look into the matter now.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE OF NEXT MEETING

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): In view of the fact that when the federal-provincial conference was adjourned last November it was adjourned until early in 1958, has the government any definite plans yet to reconvene the conference?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, so far as the first part of the question is concerned I do not accept the interpretation placed by the hon. gentleman on the understanding at that time. With respect to the second portion of his question, I may say that as soon as a decision has been reached it will be communicated to the house.

HOUSING

CENTRAL MORTGAGE AND HOUSING—TENDERS FOR DOZOIS PLAN, MONTREAL

On the orders of the day:

Mr. Maurice Bourget (Levis): May I ask the Minister of Public Works if Central Mortgage and Housing Corporation is going to call new tenders for the first five buildings of the Dozois plan in Montreal?

Hon. Howard C. Green (Minister of Public Works): I am not yet in a position to say whether or not that course will be followed. There has been some difficulty in connection with these tenders. At the moment we are waiting for further word from the committee in Montreal.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to ask the Secretary of State to look into the status of question No. 184 on the order paper. It has been there for some time, and I hope an answer may be tabled soon.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

259. General administration, $4,089,027.

Hon. George C. Nowlan (Minister of National Revenue): Before this vote is discussed, Mr. Chairman, I presume the committee will expect a short statement from me. As the committee well knows, there are two divisions in the Department of National Revenue, customs and excise on the one hand and taxation on the other. We have now called one of the items with respect to customs and excise, and I shall speak briefly on that division at the moment. After the committee has seen fit to pass the votes in connection with that division I shall again speak briefly on the taxation division.

This division, customs and excise, administers not only the Customs Act, the Customs Tariff, the Excise Act and the Excise Tax Act, exclusive of part I, but also administers many other acts with which most hon. members, I am sure, are familiar. The division administers in whole or in part, for instance, the Immigration Act, Export and Import Permits Act, the contagious diseases act, and altogether there are over 40 statutes or acts in addition to the general ones in which this division of the department has to play some part at one time or another.

In so far as the organization of the customs and excise division is concerned, there are 24 branches here at headquarters in Ottawa.

The Deputy Chairman: Order; I wonder whether hon. members would lower their voices, because we cannot hear the minister.

Mr. Nowlan: Some of these, such as excise audit, investigation, drawbacks, inspection and personnel, have field offices throughout the country. Then, of course, there are the ports, the outports, vessel clearing stations, some 435 in all, which run one might say the length and breadth of this country and are situated at border crossing points, coastal and inland points, airports and so forth. Packages imported through the postal service, all alcoholic and tobacco products manufactured, are under the supervision of the officers of this division. All licensed manufacturers who have to pay either sales tax or excise tax are visited by our auditors and have their records checked and liabilities to the department determined.

I suppose the general public usually thinks of the customs officer as a man in uniform whom they see at the airport or at a particular port of entry. Of course there are also a substantial number in addition to

those men who are employed by the department. If one takes the fiscal year 1953-54 as a basis of comparison to show the work that is done by this division, I would say the total number of import entries processed during the fiscal year 1957-58 increased over 1953-54 by 564,920 entries or 16.58 per cent, and the increase in revenues collected totalled $203,168,000 plus.

Mr. McIlraith: What was the year?

Mr. Nowlan: The year was 1953-54 as compared with 1957-58. That is an increase in revenue from that division of 11.7 per cent. During the same period revenue from the excise tax increased by $44 million plus or 19 per cent, and within the area of international travel the number of vehicles entering Canada carrying Canadians and Americans increased by over 4 million or 30 per cent.

It should be remembered that every person, vehicle, ship, aircraft, train, truck and automobile which crosses our borders or enters our harbours or airports is subject to customs control. Therefore as the country grows and prospers the work involved in collecting revenue and providing essential customs services increases, and of necessity the staff required to carry out these functions also increases.

At this point, and because salaries, wages and overtime together account for something like 92 per cent of the total estimates for customs and excise—$35,892,047, to be exact—I should like to say a word or two about the staffing policy of this division. To put it simply, it is a policy of maintaining strict control over all personnel establishments to ensure a flexible organization that combines economy of administration with operational efficiency. Toward this end, efficient establishment control procedures have been established on the basis of extensively developed work formulas and standards, and these are used in conjunction with a system of statistical reporting and the recommendations of our organization and methods unit from studies of work procedures and practices now in effect at the various ports throughout the country. In other words, in simple language, we study the record in order to know where increases and decreases are taking place.

This makes it possible for the establishment control unit at headquarters to keep in close touch with the work situation at every port in the country, and to maintain up to date information concerning any significant change in the normal business index of a port, information which can be translated immediately into terms of proper staffing needs.

[Mr. Nowlan.]

It is from those ports which show a fairly well established decline in business that staff is transferred to fill a need elsewhere, whenever it is practicable to do so. On the other hand, positions which become vacant at a port where the trend of business is downward are also transferred, or earmarked "not to be filled" unless specifically authorized by the headquarters establishment control unit.

I presume that I will be saying something on the individual votes as they are called. I shall attempt to answer questions after we have had the questions and opinions of the members of the committee. At the moment I think this general statement is sufficient, and we will now deal with the individual matters.

Mr. McIlraith: I want to thank the minister for his statement. I must say that this is the first time he has been before the house on his estimates, though he has been minister for 14 months. While he is very familiar to the committee this week, I am sorry to say he was not before the committee last year with his estimates. I will not digress into that subject, but I am one of those who have very strong views about the action of the government last year in not bringing the estimates before the committee for approval in the usual way under the British parliamentary system, but rather choosing to deal with them by governor general's warrants in a way that I regard as wholly improper. However, I will not digress into a debate on that point here.

The minister has had 14 months in which to familiarize himself with the department. Bearing in mind the fact that he was not before the committee last year with his estimates, I hope today he will give us as full information as he can about the operation of the department. I think he will find that his department is a well manned department, and that generally speaking he has an excellent staff. I am sure that is what he found when he took office on June 21, 1957. It is sometimes rather difficult to separate the two divisions of this department, but I should like to ask the minister one or two rather general questions. I think perhaps this is the point at which to do so.

I am one of those who have always held the view that the headquarters of the department are quite inadequate, in relation to the important work it has to do and the volume of work it has to do and the number of members of the public who have to be interviewed. I should like to ask the minister if he cares to comment on this point, and in particular if he has taken any steps to

procure more adequate housing in Ottawa for the headquarters of his staff.

Mr. Nowlan: There is no question but that the space occupied by the department is taxed to the very limit. Negotiations were going on before I became minister with respect to the acquisition of other property immediately adjoining the Connaught building, but these negotiations did not bring forth the result which the officials hoped they would. Representations have been made to the Minister of Public Works, however, and the hon. member is certainly perfectly correct when he says that additional room is required by the department and will have to be obtained within the very near future.

Mr. McIlraith: Not only is it a matter of the working efficiency of the staff being impaired as a result of the inadequacy of their quarters, but there is also the difficulty of persons coming to the department to discuss particular customs entries or items, particularly those under the excise tax, and having to carry on those discussions in a room occupied by as many as 40 or 50 persons and as close as six, eight or ten feet to other taxpayers who are discussing their problems with other officials.

I know the officials are very careful with respect to this point, and they do all they can in the circumstances; but in view of the difficulties faced by the taxpayers in these circumstances, particularly the danger of disclosing processes concerned with the manufacture of some items, disclosures which might easily arise when arguing about what item any particular entry should come under, this is a particularly difficult problem. I have in mind the danger of disclosing to a competitor information which is ordinarily regarded under our system as private information belonging only to the particular taxpayer, and as this difficulty is so great I hope the minister will continue to press the matter and that he will find a solution. I do know something about the proceedings in this regard before the minister took office, though I am not in the position of knowing anything about them since. However, I hope this very important subject will continue to receive his attention.

I have one or two specific questions which I would like to ask. Could the minister give us the comparative number of ports, outports and preventive stations for the last three years if he has those figures conveniently at hand. I would like to see if there is any material change one way or the other.

Mr. Nowlan: I will have that for the hon. member in a moment, if he will proceed.

Mr. McIlraith: At the same time I would like to ask him to give us the information which he has available up to the latest possible date covering the entries of motor vehicles from other countries. I am not referring to imported vehicles but to tourist and business vehicles being driven into the country by citizens of other countries and then being returned. I would appreciate having any statistics he could give us on that matter covering the last three years.

I would also like him to give us the information he has for the last three years, and for as recently as he has it available, concerning the amount of excise tax collected on new automobiles manufactured.

Mr. Nowlan: Mr. Chairman, I will answer those questions a little later on.

Mr. Crestohl: Mr. Chairman, because I do not know under what heading I should ask these questions I should like to ask them now, and perhaps the minister would answer them at this time or on the appropriate items. Can the minister state whether there has been any increase in the activities of his appraisal staff with regard to dumping duty, and what has caused that increase? If there has been an increase, to what extent has the increase taken place? I might tell the minister I have had some dealings with that branch of his service and have found the service excellent and the officials highly co-operative and very much on their toes; but I also found the activities a little more intense than in the past, and I would appreciate it if the minister could tell us why that activity has been intensified and to what extent.

Mr. Nowlan: Is the hon. member referring to dumping duty specifically, or the valuation and appraisal work of the appraisal department?

Mr. Crestohl: Generally there seems to be an increased tempo of activity in the valuations, which of course we will discuss under the item that will come up a little later. There has been some concern expressed as to why there has been increased activity.

Mr. Nowlan: The increased activity has resulted because of investigations which have been made of importations coming in and specific inquiries referred to the department for investigation. The hon. member will know that during the early part of the war a great many of the senior members of the organization staff were absorbed in other branches of national service. At the end of the war through promotions many were absorbed elsewhere. There was a tremendous shortage of trained staff, particularly in the appraisal section. This was also caused by the great industrial development across the

country and the full employment and boom that followed the war. Therefore it was some considerable time before it was possible to recruit the staff that was desirable.

As the hon. member knows, steps were taken toward that end some time ago, and when I came into office I saw that they were carried out. We have advertised, and as we shall show later in the discussion concerning the appraisal section 46 new appraisers have been authorized by the civil service commission. Some of those positions have been filled, and we are filling others as rapidly as possible to carry out the increased work load which has been put upon the department because of the development of the Canadian economy.

Mr. Crestohl: Another question, Mr. Chairman. I wonder whether the minister could put my mind, at least, at ease on this question. I was apprehensive that perhaps with the advent of a new government imports were perhaps being managed administratively rather than legislatively. I had some doubt about the matter and wondered if the desire to make imports a little more difficult was responsible for the increased activity. I should like to have the minister's comment on that point.

Mr. Nowlan: Mr. Chairman, there has been no change in administration whatsoever except, as I said, that staff vacancies have been filled. There have been an increasing number of complaints from importers and Canadian businessmen with respect to what they alleged were violations of the Customs Act. After all, in the years following the war there was a field day so far as business was concerned. There was no trouble with the Customs Act or anything else. People were ready to buy. It was only during the last two or three years that complaints started to come in and the work load increased tremendously.

As I said, the staff was not there to meet the increased work load. My predecessor had started to increase the staff to take care of it, and we have been carrying on. There has been no change whatsoever in the administrative practice, but because of the increased staff we have perhaps been able—and I hope we have—to investigate the complaints and deal with them more efficiently than was possible before, not because we are more efficient but simply because we have the increased staff.

Mr. Pearson: Mr. Chairman, may I ask the minister whether the operations of the United States customs simplification act and the whole question of United States administrative protection are his concern, and do they come under his jurisdiction?

Mr. Nowlan: That is a matter more for the officers of finance, but we also have communication and discuss these matters.

Mr. Pearson: If so, could the minister state if the operation of the United States customs simplification act has removed, and to what extent, the complaints we used to have about administrative protection interfering with our exports to the United States?

Mr. Carter: Mr. Chairman, while this item is before the committee I should like to bring to the minister's attention a matter which is of very great importance not only to my constituents, the majority of whom are fishermen, but to all the fishermen of Newfoundland. Coming from the maritime provinces, the minister will understand that shore fishermen are dependent entirely on a supply of bait. He will also understand what a cod jigger is. That is the particular kind of hook shore fishermen must employ to catch fish when no bait is available.

All through the history of Newfoundland, prior to confederation and since, fish hooks and jiggers of various kinds used for commercial fishing have entered the country duty free. A couple of years ago when there was no bait the people of the maritimes and Newfoundland learned about a new type of cod jigger which had been developed in Norway, and which had been tried out and found to be much more efficient in the catching of fish than the kind of jigger that is usually employed. Unfortunately this particular type of jigger is called by the Norwegians a lure. The only part of it that resembles a lure is a little piece of red plastic which is interspaced between the hook and the weight; but because of their being described as lures these jiggers have been subject to customs duty of 20 per cent plus sales tax of 10 per cent, which has served to make the cost practically prohibitive to the fishermen who require them so badly.

This may be only a matter of the interpretation of the act, or a matter of judgment on the part of the appraiser. I have an illustration of this device which I would like to pass to the minister so he will know what I am talking about. I do hope that he will take whatever steps are necessary to have this particular type of jigger reclassified so it can come into Newfoundland and the maritime provinces free of duty.

Mr. Nowlan: I shall be very glad to look into it, Mr. Chairman, to see whether it is a matter of interpretation. From sad experience I find that everybody who writes me about

changing the tariffs says it is simply a matter of interpretation, and that I can wipe it out entirely. Unfortunately the Minister of Finance takes a far different view. As the committee well knows, the Minister of Finance, under the law of this country, is responsible for taxation policy. It is my unfortunate job to have to administer the act. After the long-haired boys of finance evolve their philosophical findings, then we do the work; but I shall look into this, of course, and if it is a matter of administration I do not have to tell the hon. member that my sympathies would be entirely with him and the maritime provinces.

The hon. member for Ottawa West asked about ports, outports, and so on. There are 435 ports and outports at present, and I am told there has been no significant change in the last three years. There might have been a change in one or two, but it is within that range within the last three-year period.

We have no figures giving the number of tourist cars or United States cars coming into Canada. We simply have cars coming in and, unfortunately for the purposes of the hon. member, these will include Canadians returning to Canada as well as United States residents coming in. For the calendar year 1956, 17,341,800 cars came in. That was a 30 per cent increase over 1953. In 1957, the last year for which we have the complete figures, 17,982,400 cars came in; in other words, an increase of about 500,000 motor vehicles between 1956 and 1957.

Mr. McIlraith: Has the minister any figure as to how it is running this year?

Mr. Nowlan: We have not those figures available yet.

The Leader of the Opposition asked me a question with respect to the customs simplification practices of the United States government. I am advised that this has helped materially in alleviating difficulties between Canadian exporters and United States importers. Outside the scope of the act, in furtherance of the United States government's desire to help they sent to Ottawa a man specially delegated to meet Canadian exporters and try to deal with their problems and simplify them. That gentleman and his staff have done a tremendous job here, and have helped to solve any problems brought to his attention, that could be solved. Therefore the situation is much better than it was in the period to which the hon. member refers.

Mr. Carter: May I just thank the minister for his very fine reply to the problem I put before him. May I just inform him of one point which I forgot to mention when I was on my feet. This particular jigger is most efficient when used in conjunction with a special white line. The white line and the jigger itself comprise a single unit, and since I understand it is government policy that all fishing equipment be duty free I suggest that the line and the jigger be taken into consideration when he is dealing with this problem.

Mr. Nowlan: Perhaps I had better go down and have you give me a demonstration of it.

Mr. Pickersgill: I would like to support what has been said by the hon. member for Burin-Burgeo, and say very briefly that we count on the minister, not as the Minister of National Revenue but as a minister from the part of the country where these things are understood perhaps better than they are in Eglinton, to keep before the Minister of Finance the policy that fishermen are to be kept on a basis of equality with farmers in so far as taxation is concerned, and that all their gear should be duty free.

Mr. Smith (Calgary South): I wonder whether I could ask the minister this question with respect to dumping. Since about 14 per cent of Canada's oil imports come from the United States as finished products, and after the Suez build-up in the United States there was a very strong suggestion that some of those products were being dumped, can the minister say whether his department is keeping a day to day check to be absolutely certain that those products are still not being dumped into Canada?

Mr. Nowlan: Mr. Chairman, the department has received complaints on that score, as the hon. member has said. Those complaints have been and are being investigated. I can assure the hon. member that the department will continue its investigation of any specific matters that are brought before it.

Mr. Fisher: I want to speak at some length on a fairly complicated matter that has been before the house a number of times, namely the Premium Iron Ore case. I believe the former member for Winnipeg North Centre—

Mr. Nowlan: Mr. Chairman, I do not want to stop the hon. member—of course I could not—but if it is the same Premium Iron Ore case of which I have heard on numerous and divers occasions, it is really a matter of taxation rather than one of customs and excise. They are two separate divisions with two separate executive officers and deputy ministers, and the practice has been to deal with them separately. As I intimated when I spoke first, I spoke then only on customs and excise. When this committee gets through with this division we will immediately go into taxation, and I suggest that the hon.

member defer his remarks to that time unless for some reason he cannot be here.

Mr. Fisher: I can be here.

Mr. Houck: Mr. Chairman, I have not any questions to ask the minister, but I think as the representative of the riding where we probably have more customs and immigration officials than any other ports in Canada I should say something on their behalf.

I want to congratulate the minister and through him his department for the splendid officials we have at the port of Niagara Falls and the port of Fort Erie. At those ports we have custom men and immigration men as well. As the minister knows, probably more cars enter the port of Niagara Falls and the port of Fort Erie than enter any other port in the Dominion of Canada. I have had many people say to me after they have passed through customs, "Well, we worried about going through customs and what restrictions we would have to go through". But each and every one would say, "The officer made us feel right at home. He was not only cordial but a perfect gentleman", or a perfect lady, if it happened to be a female officer. They said, "It was a pleasure to enter Canada and realize that although they had restrictions, the restrictions were fully explained to us and after the explanation we fully agreed with them".

I wish to say to the minister that all his officers are perfect gentlemen. We in the Niagara district are proud of them, because we believe the old saying that the first impression is the lasting impression is correct. When tourists entering Canada get the impression that we are really human beings here and that they are cordially invited to tour Canada, the impression lasts. When they get this impression after crossing the bridge and passing the officials it always remains with them when they tour the province of Ontario or elsewhere in the Dominion of Canada. Then when they go back they worry because they have to get their cards back which they left with the customs officials. They always say, "We leave with a smile on our faces; the officers always leave us with the old feeling that the first impression is a lasting impression".

The only thing I would like to see the minister do—and I know he will because he is so cordial; he agrees almost 100 per cent with everything I say—is this. Because of the fine work these officials are doing in those ports—and sometimes they are doing it under extreme hardship, especially on week ends and holidays when the crowds are dense—I think they are deserving of higher salaries. I hope the minister will take this under consideration. I know they will continue to do a good job. I wish to say to the minister again that we are proud of his officials who are doing such a good job.

Mr. Chevrier: Mr. Chairman, as one from another part of the country I should like to say a word in support of what has just been said by my colleague from Niagara Falls. I represent a constituency in the city of Montreal, and I know that what I am about to say applies not only to Montreal and Toronto, where I have had some experience as well, but also, I am sure, to all parts of Canada. It is a fact, as the hon. member for Niagara Falls has said, that the Department of National Revenue is fortunate in the kind and calibre of men it has at the border ports from one end of Canada to the other. These are most difficult positions to fulfil, and I have no doubt that they are being fulfilled in accordance with the best traditions of the department.

I speak particularly of the officers in Montreal with whom I have come in contact from time to time. I know something of their courtesy and diplomacy. As the hon. member who spoke earlier said, it is so important for people entering Canada to have a lasting and good impression of our country, and no one can help to create that good impression more than the officers who carry out important functions at these various ports. I can speak particularly about the airport at Dorval and the airport at Malton, because in my former capacities I had occasion to use these two airports many times. I know with what seriousness and courtesy the officers of the Department of National Revenue fulfil their duties.

There are, of course, exceptions; there are bound to be. If there were not exceptions I think it would perhaps not be normal. It only goes to show that on the whole these exceptions prove the rule. I want to join the hon. member for Niagara Falls and support the demand he has made, to which I am sure the minister will give careful consideration, for the betterment financially and otherwise of the conditions under which these officers work.

Mr. Batten: Could the minister give me the following information. I should like to know the number of employees in all divisions of the Department of National Revenue in the province of Newfoundland as of March 31, 1957 and as of March 31, 1958. I should also like to have the same information for the province of Nova Scotia.

Mr. Deschatelets: Mr. Chairman, my remarks have to do with a particular matter concerning the customs and excise officers of the Department of National Revenue at the

harbour of Montreal. I am informed that as of July 1, 1958 these officers of the department were notified that all overtime work would be compensated for by time off, and that section 86 of the civil service regulations would be applied to them by the minister. Section 86 makes that provision. I believe it is also the common practice in all departments of the government for the officer in charge to decide whether or not to apply the rules strictly. In any event, I am not suggesting now that cash should be paid for all overtime work at all levels of government employment and that section 86 of the civil service regulations should be repealed, though I would think that in due time we should give serious consideration to the matter.

But I think the government is making a great mistake in compensating for overtime work by allowing time off in departments where it was the accepted practice to pay employees in cash for such work. Because of the nature of his duties the employee has to incur expenses for meal and transportation charges which are increasing all over the country at the present time. Yet he is not paid in cash, though it has been the practice to do so for over a decade. I think such a change in policy kills the incentive of the employee, and the minister will agree that it is not a morale booster for the staff especially at this time, in view of the fact that since June 1, 1957 the cost of the most essential items of shelter, clothing and food, has increased.

At the harbour of Montreal this change in policy affects at least 110 employees. I think the minister will agree that companies are charged for the extra work done by the officers of the department, and that these revenues come to the department. Therefore I think it is only fair that we should continue to pay the employees in cash.

The minister will appreciate that no recognized union in this country would tolerate a private industry paying its union members for overtime work by allowing time off. Instead of getting rid of this antiquated rule, why does the government now try to extend this bad system of paying employees with time off? The employees generally disapprove of such a system, and I think they are on very firm ground in criticizing the change in policy.

When the minister was on this side of the house he advocated that in our relations with our civil service employees we should try to treat them as much as possible along the same lines as private industry treats its employees. The minister is now getting far away from the common rule in private industry, where employees are paid in cash for extra work. We know the minister is administering a very important department, that he needs revenue and that his officials are always on the job to see that duties are paid to the last cent. This is sound and good administration. If the minister, for example, were claiming an amount owing by a farmer, surely he would not like to be paid with a bag of potatoes. The same rule applies to his employees. The department asks them to do extra work and instead of paying them in cash gives them a piece of paper entitling them to a holiday. Let us not forget that when we pay our employees in cash their families and their communities benefit, and their increased purchasing power helps to avoid a recession.

I should like to ask the minister two questions. Is there anywhere in his estimates an additional amount to pay for such overtime work in cash? Second, are the additional revenues earned by the extra work of his employees at the harbour of Montreal put to the account of the department? Finally, and this is not a question but more a prayer, would the minister reconsider the decision already taken, so that the policy effective in Montreal harbour for over a decade will be resumed to the satisfaction of all employees concerned?

Mr. Chevrier: I should like to support the remarks made by the hon. member for Maisonneuve-Rosemont, Mr. Chairman. I find myself this morning commending the minister, as I did earlier, upon the excellence of the officers in his department. My friend the hon. member for Ottawa West says, "and rightly so; they were inherited". I find myself now somewhat critical in what I am about to say because of the decision which I understand, from the remarks made by the hon. member for Maisonneuve-Rosemont, has been taken with reference to overtime pay in connection with certain of these employees. The hon. member who has just taken his seat can speak far more effectively and with greater authority than I can on the subject because most of these employees, or certainly a large number of them, come from his constituency. There are some who live in my own constituency of Laurier, and the minister will pardon me if I take just a moment or two to preface what I have to ask of him by stating the case.

It appears that by reason of a decision of the Department of National Revenue these port employees were notified that as of July 1, 1958 all overtime work would in future be compensated for in accordance with civil service regulations and not paid for in cash as was the case prior thereto. There are, I am

informed, 110 employees at the port of Montreal who are affected by this decision. They have made representations to the hon. member for Maisonneuve-Rosemont and to me. These representations are made, let me assure the minister, in a most respectful manner, asking him to reconsider the case because of the conditions which have been outlined by the previous speaker.

It has been pointed out that the decision taken by the department is one which is going to have a demoralizing effect upon the officers, in view of the hardships they will suffer because of the fact that instead of receiving cash which has been an incentive for overtime work they will now be in receipt of compensatory leave for work done. They believe that an officer who, because of his duties, has incurred extra expenses such as meals, transportation costs and the like as a result of overtime work, may have a feeling of resentment which is understandable. In their opinion this method is unfair and unjust, since the officer is being penalized when he has to work under these more difficult circumstances because he is no longer in receipt of cash but time off as compensation in lieu thereof.

It is brought to my attention also that if such compensatory time is accumulated in the winter months, it is not much use. If they are paid such overtime in cash, their families and the communities in which they live benefit; their purchasing power is increased, and they are able to meet conditions of life more advantageously than they otherwise would. It is pointed out to me that the effect of this decision is that it cuts by one-sixth, in some cases, the purchasing power they have hitherto possessed. It is my understanding also that the cost of this extra work is, in most cases, charged against the companies accommodated and therefore brings revenue to the department. They feel this is a point which should be given consideration when the question of cash for overtime is under study.

I realize that for years, as has been stated so clearly here, the practice of the administration has been to pay for overtime in cash only when the work load has been so heavy that overtime could not be compensated for in leave. In the port of Montreal, because of the circumstances which exist there, particularly in the eight months of navigation where the work load is not of an ordinary nature but of an extraordinary nature, it seems as if it were a deterrent to the increased efficiency in the national revenue staff. I know, too, that the administrator of the port has a certain discretion in a matter such as this, but I am wondering if I could not be so bold as to say that perhaps that officer has exercised his discretion in a manner which may in effect be detrimental to the efficient operation of the department.

Without saying more, I wonder if I could not prevail upon the minister and his officers, efficient as they may be, who are before him now to give consideration to this case. It is working a hardship on these 110 employees. The withdrawal of this cash allowance which has been in existence for the last 10 years, as has been stated so well by the hon. member for Maisonneuve-Rosemont, seems to me a bit severe. Will the minister, therefore, under the circumstances and having regard to what is happening in the port of Montreal and the overwork that exists there, not reconsider this matter so these men may be placed in the same position as they were prior to this decree coming into effect?

Mr. Nowlan: Perhaps I should deal now with this matter to which reference has been made by the hon. member for Maisonneuve-Rosemont and the hon. member for Laurier. They suggested that we should provide remuneration for overtime by virtue of section 86 of the Civil Service Act, and that is exactly what has been done. I am advised that section 86 of the Civil Service Act makes it mandatory that overtime should be paid for by compensatory time, if that is available, and only if it is not available should cash be paid.

Now, there was a very wide departure from the provisions of section 86. The hon. member for Laurier referred to the discretion of the port administrator. He has a discretion, and he also has a responsibility.

I am sure that hon. members will not argue that there is more business being done at that port than there was last year, but the overtime in the month of May of this year amounted to $16,000. This was twice as much as was paid a year ago. As the result of a port audit by the headquarters staff, they compared the figures and found they were going up steadily, so they suggested there should be a stricter enforcement of section 86 of the Civil Service Act. As a result, in the month of June the amount was reduced to $8,800 for overtime, although business had increased somewhat in the month of June over the month of May.

This is a problem which has caused great concern to all the officers. One wants to use discretion and one appreciates the arguments about hardship, but I do think there are some cases in which overtime has been paid. I am not speaking now of Montreal at all; I am speaking of a port of which I have knowledge much nearer my own home, where a practice has grown up of paying cash for overtime.

We find year after year more and more overtime being paid and no compensatory time being allowed. If the act is to be changed, that is a matter for the government and for parliament, I suppose; but that is the law as it stands at the moment.

I certainly will take a look at this particular case, and naturally will give it every consideration. However, I think those are the basic facts, particularly respecting that month of May in which there was such a startling increase of $5,000 more than any other month last year. That was something the auditing authorities thought should be brought forcibly to the attention of the responsible officers in Montreal, and that they should be asked to see how section 86 would work. As I said, overtime then was reduced to $8,000, and still gave compensatory time for the balance.

I was also asked about the amount in the estimates, if any, for this overtime. There is $900,000 included in the estimates this year for overtime, which is $200,000 more than it has ever been before. It can therefore be seen that this is a problem. I think all hon. members can realize the difficulties in connection with its administration. It varies with collectors, ports, personal relationships and so on. You get problems of administration which are not the easiest to deal with. However, we must do it in the best way we can. Certainly we might pay more overtime and reduce staff.

It must be remembered that in the winter time many of these people have very little to do, but nevertheless they are carried. There was a time when you paid overtime in the summer and let them go in the winter. However, that policy was found to be unsound and was changed by the preceding administration, and I think properly so. But that is the crux of the problem. Those are the facts in so far as Montreal is concerned. It is a problem which affects not every port but a good many of them in this country, and is one which is receiving careful attention.

Mr. Chevrier: May I say just one word. I thank the minister for the statement he has made, and particularly for the fact that he says he will study this matter in order to ascertain whether something cannot be done to rectify the situation. I realize the difficulty in which he finds himself with growing overtime payments. I think that tendency obtains in every department. It would seem to me that it would be a pity if, because of the increase in overtime, it should be cut altogether. I think it would be better to re-examine the position from one end of the country to the other, obtaining advice from the administrator in each locality, in order to ascertain whether or not there is a good reason for paying it.

That is why I am grateful to the minister for the decision he has made to review the matter. I would think it would be most unfortunate if, in the Montreal case, overtime were cut out altogether. I am sure the administrator will report that there is occasion for a good deal of it, or a substantial amount of it, under present circumstances.

Mr. Nowlan: We paid $8,500 in June. I have not the figure for July, but it was substantial.

Mr. Chevrier: I hope the minister will find it possible to continue the policy which existed in the past.

Mr. Nowlan: The hon. member for Humber-St. George's asked me about employees in Newfoundland and Nova Scotia. I am sorry to say that I cannot give him those figures at the moment. I am advised by the officers that we do not have them. We never keep them on a provincial basis, although the figures can be determined. I have asked the officials to get the figures, and I will supply them to the hon. member. However, I am not sure that I can do so today; in fact, I am quite sure I cannot. They are kept on the basis of ports in the nation as a whole rather than on a provincial basis.

Mr. Batten: That is quite satisfactory.

Mr. Herridge: Before making a few representations on behalf of my constituents I wish to thank the minister for his courtesy and his close attention to any complaints I have brought to his attention. I appreciate that very much indeed. Even when the minister is unable to do anything to correct the complaint, I may say that after a visit with him you feel as though you had had a visit with Santa Claus who is going to remember you at Christmas.

Mr. Pickersgill: He is quite a tax collector.

Mr. Herridge: I also want to say how much I appreciate the prompt replies I received to correspondence with the senior officials in Ottawa, and their going into detail to explain situations that are not too clear to constituents who have complained on various grounds. I also want to say this as to the staff of the minister's department in my constituency, situated at Paterson, Trail, Nelson, Waneta and Nelway. Their courtesy and attention to their duties are recognized not only by citizens of our country, but on numerous occasions I have had favourable comments by visitors from the United States who have expressed to me how much they were impressed by the courtesy of the officials of the department of customs and also of the officials of the immigration department.

Traffic between the United States and my constituency, in fact the whole of southeastern British Columbia, is increasing very rapidly in recent years. On that account, from various organizations, municipalities, representative groups, chambers of commerce and trade unions there has been a continuing demand for the stations to be kept open 24 hours a day, or for giving 24-hour service, particularly at Paterson and at Nelway. That is because of the fact that many of the men at Trail take their four days off in the United States, go on short holidays, work on a sort of 10 days on and 4 days off basis, and also take their longer holidays there. On account of the desire to attend sporting and other events in the state south of us there are hundreds and hundreds going to attend hockey games and other sporting events that are held in the United States or in the Kootenays on the Canadian side of the border.

Because of that increased traffic coming and going, and the fact that many of these people returning from the United States wish to return after midnight and vice versa, there has been this continuing demand for 24-hour service, particularly at Paterson and Melway.

I am not going to take the time of the house to go into this matter in any detail, but in order to present my argument as cogently as possible, as logically as possible and as soundly as possible from the minister's point of view, I want to quote an editorial from the Trail *Times*, which is a Progressive Conservative paper owned by a cousin of the Minister of Public Works. The editorial is written by the public relations officer of the West Kootenay Progressive Conservative association. I am sure, Mr. Chairman, that I could not use a stronger argument on the minister in this case.

Mr. Nowlan: It is well documented.

Mr. Herridge: I want to read just briefly from the editorial. It is headed, "Keep Border Open all Night". This gentleman's name is Denis Williams, and he will be pleased to know that I brought his views to the attention of the minister. After his reply to the representations made by two hon. members who spoke previously I enter this arena with considerable hope. He writes as follows:

> Attempts to persuade the national revenue department to maintain a 24-hour service at the Paterson border crossing have been in progress for years, and Ottawa's uncompromising attitude is disclosed in the following letter we received from Kootenay West member H. W. Herridge at the week-end.

I took the opportunity to send him a letter, knowing of course that he was a supporter of the government. He goes on to say this:

> We think that Mr. Sim is missing the point. He is mistaken if he believes there is no value in keeping the Paterson customs office open just because the U.S. authorities decline to maintain a 24-hour service at Northport.
>
> It is not southbound traffic that we are concerned about. We are interested primarily in the plight of Canadians who want to return to Canada and cannot do so if they arrive at Paterson after midnight.
>
> At present, West Kootenaians visiting Spokane, for instance, must time their departure in the evening in order to arrive at Paterson before the witching-hour. If they fail, they are put to the inconvenience and expense of spending the night in the U.S. Similiarly, Trail citizens week-ending at Christina lake must leave Laurier by 10.30 at the latest if they expect to spend the night in their own beds.

Most of them do so in our constituency.

> Then there are dozens of travellers who head east through Osoyoos and the Sherman pass rather than endure the discomforts of the Greenwood to Rossland section of highway 3; and they too must plan their schedules to bring them to Paterson before midnight.
>
> The operation of Paterson on a 24-hour basis would prove of the utmost advantage to hundreds of Canadians—wanting to get back into Canada. To these people, the hours of business of the U.S. customs and immigration office at Northport are of no consequence, since no clearance is required by the U.S. authorities in order for a Canadian to leave Washington.
>
> Mr. Sim says that his department's observations indicate that the increase in hours beyond midnight could not be justified "by the amount of traffic operating through the port during these hours."
>
> Here the deputy minister is on shaky ground—

I must say, Mr. Chairman, that I very seldom find the deputy minister on shaky ground.

> —to say the least. How can he possibly calculate the amount of traffic that would enter Canada after midnight when he refuses to keep the border post open? The fact is, of course, that a large number of drivers who now either spend the night in the U.S. or time their arrival at Paterson before midnight, would use all-night facilities if they existed. One cannot tell what the volume of traffic through Paterson might be once it was generally known that one could enter Canada at any hour, but we believe it would be heavy.
>
> The deputy minister's letter to Mr. Herridge rather indicates that departmental thinking in this issue is faulty. There is no relationship, as far as we are concerned, between the hours of operation of the Paterson post and the Northport U.S. office—except for people entering the United States. We think Mr. Sim might study the plight of those who use U.S. highways to avoid bad Canadian roads and who want to get back into Canada to suit their own convenience.

I just read that because I do think it points up some of the reasons for the argument very well, and I would urge the minister to take another look into this question because of the rapidly growing traffic between the United States and that part of British Columbia which I have the honour to represent.

Mr. Lambert: I would like to ask the minister a question in connection with information which has reached me and which

I communicated to his department some months ago, suggesting that there might be dumping in this country of certain types of glass fibre products used for the wrapping and insulation of oil and gas pipe lines in connection with their installation. I was wondering whether any evidence of such dumping had been discovered, and whether a study is being made at the present time in connection with this particular material.

Mr. Caron: There is one matter which has been discussed year after year and which I raise again this year and demand an answer thereto. With respect to almost every federal department, the city of Hull and the western part of Quebec has until now been attached to the Ottawa office, more especially in respect of the income tax department. I think since the city of Hull is known as the metropolis of western Quebec, we should have an office established on our side which would cover the provincial part for Pontiac, Gatineau, Hull and Papineau, and even includes Grenville. I say this because I think the present arrangement detracts from the importance of the city of Hull.

I have previously made complaints based upon statistics which are produced from time to time and which generally include the over-all picture of Hull and Ottawa combined, so we cannot know exactly what is going on on our side of the river. Hull is equal in importance to Sherbrooke, where there is an office; to Three Rivers, where there is also an office; and it is the centre of a large area which, as I have said, covers Pontiac, Gatineau, Papineau and the whole of the county of Hull. I think we therefore have the right to expect that we should get service on our side so that people do not have to come to Ottawa every time they must deal with the income tax department.

I know the minister cannot make a decision today or even, having in mind the presentation of his estimates, this year, but I want the minister to look over the whole question and try to satisfy the demands of the people of the western part of Quebec.

Mr. Nowlan: I think the hon. member should perhaps repeat his argument this afternoon—at least I hope it will be this afternoon—when the income tax officials are here, because I am sure his appeal will have some effect upon them. It will at least be given careful consideration; I can assure him of that.

The hon. member knows, of course, that taxation is divided into districts and it is very rarely that one would have a city which would be a district in itself. In so far as the income tax department is concerned, with which we are dealing at the moment, they do have their own collector in Hull and in so far as the customs house office is concerned, the Hull office operates in the same way as those offices in any other parts of Canada. It is true that for income tax purposes we have the various districts, and we will certainly take a look at the whole organization of those districts as soon as we have the time. I do not think I need to emphasize the fact that since June of 1957 there has not been very much time to take an over-all look at anything, but I am looking forward to the co-operation of hon. gentlemen opposite so that we will have some free time, I hope before the end of September and during the ensuing two or three months, in which we can make new surveys, which I realize are badly needed.

While I am on my feet I will deal with the question asked by the hon. member for Edmonton West, who asked about fibre glass. It is true that he made representations to the department some time ago with respect to the suggestion of dumping. These matters are being investigated at this moment by departmental officers but no final report has been received; in fact no report has been received which would indicate that the fact of such dumping has been established. The matter is, however, being investigated and we will see what is shown by the final report.

The hon. member for Kootenay West has made a moving appeal for an all-night service at Paterson in his constituency. I think the only difference between that port and 500 others in this country is that he presents its claims more eloquently than perhaps the claims of some of the others could be presented. This is obviously a very difficult problem, and I can promise that consideration will be given to it. However, that consideration has to be taken in view of the over-all picture and one must realize that if we were to open up one such service then we would be under immediate pressure for others and others and yet others. Although it is perhaps true that there is no direct connection between the United States port authorities and the Canadian authorities, obviously once such a service is opened on one side pressures are immediately created on the other side, and there has to be a certain co-ordination between the services of the two countries if we are to have efficient co-operation and service regulations.

I would have thought that in the constituency from which the hon. member comes the air would be so salubrious that the people there would like to get to sleep early and stay in bed, and really I would not think very many of them would be travelling after midnight, unless perhaps it was the hon. member himself. I would advise him further that he will get a letter from me as well as

a letter from the deputy minister, which he can again send to the local paper and which will perhaps be ensconced on the editorial page of that journal.

Mr. McIlraith: I had some difficulty in hearing the minister's opening remarks because of the conversation being carried on in the chamber. He may have given this information, and if he has I would ask his indulgence and request him to repeat it. If he has not, I would ask him if he would now give it. Could the minister give us the total number of customs entries for each of the last three years?

Mr. Nowlan: I gave this on a five-year basis, though I do not know if that is exactly what the hon. member needs. Taking 1953-54 as the basis of comparison, during the past fiscal year entries increased by 564,920 or 16.5 per cent. I have the figures for excise tax.

Mr. McIlraith: I would like that later. Have you any more information?

Mr. Nowlan: I can give you specific figures.

Mr. McIlraith: For what period of years?

Mr. Nowlan: I have them before me. I will go back to 1954-55. Do you want it in round figures?

Mr. McIlraith: No.

Mr. Nowlan: There were 3,475,400 in round figures, we will say. In 1955-56 there were 3,824,200. In 1956-57 there were 4,099,500. In 1957-58 there were 3,922,000 exactly. Those are the import figures for those years.

Mr. McIlraith: You were going to give the excise figures.

Mr. Nowlan: Yes. Starting with 1954-55 there were 335,500, again in round figures dropping the digits. Next year there were 331,300. The next year, 1956-57, there were 336,100. In 1957-58 there were 334,800.

Mr. McIlraith: I presume the excise figures would be more sensitive to changes in the excise tax legislation from year to year than would the import entries under the customs tariff, because of the fact that the customs tariff contains such a great number of items and has a relatively small number of changes compared with the excise tax legislation. Can the minister give us the number of entries, or are statistics kept concerning the number of entries, in which dumping has been found during those years?

Mr. Nowlan: I am told we do not have those figures. I am informed they are not kept.

Mr. McIlraith: Is any data kept in a statistical way concerning dumping?

[Mr. Nowlan.]

Mr. Nowlan: I do not think there is any information that has been accumulated in respect to this. Obviously there is information in the department with respect to dumping matters that have been brought to our attention and so on, but I understand there has been no compilation of figures with respect to that. I can try to assemble whatever there may be so it would be available on the discussion of the customs bill, whenever it comes up, but I do not think the hon. member will find it too satisfactory because it is not on a comparative basis or compiled in the way the normal statistics of the department have been.

Mr. McIlraith: What I am concerned about is this. I know that during a period of slowing up of business the number of complaints about dumping inevitably increases. I am quite aware of that. That is fairly elementary. But I am wondering if in fact there has been found any dumping increase and, if so, what information the minister has on that point. Of course there would be a tendency to increase dumping from other countries if in those other countries there was a decrease in their volume of business.

Mr. Nowlan: As I said, Mr. Chairman, we have no figures available. There have been more complaints undoubtedly, as the hon. member knows. We have regulations governing the matter of the fixing of samples and the general appraisal practices that are carried on which have pretty well eliminated what might in the past have been an increase in dumping. I do not believe there has been any substantial increase in dumping. The hon. member knows about the practices which have been developed with respect to the tariff. There have been revaluations under the Customs Act from time to time, and I have had to sign an order once in a while changing a valuation on a weighted average basis, but such occurrences have not been frequent by any means. It happens once a month or something like that.

Mr. Pearson: Mr. Chairman, may I ask the minister if he feels that the present anti-dumping provisions of the law and the regulations on this matter are now working reasonably satisfactorily?

Mr. Nowlan: I would not want to say they are working satisfactorily, Mr. Chairman. As I said, we have been strengthening and enlarging the staff. If we can judge by the number of complaints received, then certainly there is some area of doubt as to whether or not they are working satisfactorily. The trouble is that all these investigations take a long while, as hon. members associated with them know, and with the

gradual increase in staff we have been attempting to cope with the large backlog of complaints which require investigation. I certainly would not want to say they are working satisfactorily, yet I do not want to be too definitive about saying they are working unsatisfactorily. Therefore I would say there is an area that obviously requires much more careful investigation than we have been able to give in the past, but which we hope to give in the coming years.

Mr. Pearson: The minister feels there is really not sufficient staff to deal with the complaints that are now being made under the anti-dumping legislation?

Mr. Nowlan: We have authority for 46 additional appraisers and have taken on 40. These are well trained; they go through an intensive course of training. The salaries are better now, and we have attracted 26 university graduates to go into the field. We are also getting trained men with business and manufacturing experience. They have passed the civil service examinations and will fill out the complement, although we still have some shortage.

Mr. Pearson: So the increase in staff is not really anticipating future difficulties but is dealing with difficulties accumulated in the past?

Mr. Nowlan: Yes.

Mr. McIlraith: Is any statistical information kept on the number of complaints about dumping?

Mr. Nowlan: We will have to check on that, Mr. Chairman. Our statistical information is a little deficient in that area. The assistant deputy advises that he is not aware of such statistics being kept, but we will check and see what information can be compiled immediately on that score.

Mr. McIlraith: If that is available perhaps it could be brought in later this afternoon on another item, if we reach another one.

Mr. Nowlan: It is not available in compiled form, but by going through files and checking records probably some approach to it could be made.

Mr. McIlraith: I believe the minister will understand my concern with this problem. There is frequently a great deal of pressure put on the staff to find dumping because of some difficulty in a particular industry in Canada. At best it is an exceedingly difficult subject.

Mr. Nowlan: I have seen many examples of it.

Mr. McIlraith: It requires a great deal of skill and delicacy in handling, and for that reason I would be very glad to get any information on the point that is available. If I may make a personal reference, I remember in a time of business depression a considerable number of years ago the pressures that were put on the department to find dumping in the case of practically all imports. I quite understand the difficulty and the harm that dumping can do when there is in fact dumping, but it is a term that is difficult of definition at best, and there can be abuses under that guise. Perhaps I am more sensitive to the subject than some because of my early experience in my own professional life when an attempt was made to find dumping in cases which I think most Canadians, and gentlemen on all sides of the house, would now regard as normal imports.

Mr. Nesbitt: I do not wish to take up much of the time of the committee, but in view of what has been said in the last few moments I should like to give a concrete example of why some people now and in the future would like the question of dumping looked into. The example I have in mind concerns a company called the Golden Gate Equipment Company of San Francisco, California. Apparently, this company obtains heavy equipment such as cars, diesel engines, trucks, tractors and the like from the United States government. Apparently this equipment is used in Japan and elsewhere. The equipment is refurbished and rebuilt. Sometimes it is brand new equipment which has not been used but has been declared surplus by the United States government. It is turned over to the Golden Gate Equipment Company. I would just like to read from the bulletin sent to one or two firms in this country, which has been put out by the Golden Gate Equipment Company and which is completely self-explanatory. I quote:

> The following equipment just arrived from Yokohama, Japan, and is for sale for export only—

This is in large letters.

> —to Canada, Mexico or any foreign country (not territories of the United States).
>
> This equipment is new or rebuilt by the government. A large portion of this equipment is still sealed and cosmolened. There is no rust or deterioration. It is our opinion that most of this equipment is new or near new. The prices are far below the market here in the United States. All prices shown are net to dealers—quantity purchases will be considered for discount.

This is the kind of thing that is going on, and it has to be checked into very carefully, Mr. Chairman. A number of companies in this country make these types of heavy equipment. I hold in my hand actual advertisements of this company. Here we have a situation where some large equipment company in the United States is getting surplus United States government equipment on the

condition that it be sold only abroad, and Canada is put first on the list. The prices are far below market prices. Here is a good example of a matter which should be looked into, and why the minister will certainly need extra help.

Mr. Pearson: On this particular and very interesting illustration, may I ask the minister before he deals with it whether it is not possible under the present provisions, either section 35 or section 36, to deal with this kind of transaction, which is obviously dumping because it is a product sold in Canada at below the fair market value of the same product in the United States. Therefore it could be dealt with under the existing provisions of the law which have to do with prices below the fair market value.

Mr. Nowlan: On that score, Mr. Chairman, if there is a fair market value in the United States, then of course it would come under dumping, as the Leader of the Opposition says. But a lot of this stuff has no home market value established, and you have to fix a value for duty on it. I can assure the hon. member that this is receiving the very closest attention of the staff. We have issued instructions to the ports that any importations of this surplus United States equipment have to be held at the port, and when the appraisals have been submitted to Ottawa they are to be reappraised, if necessary, and very often they are. A large shipment came in from Japan the other day. I forget the exact figures, but we will say it came in at a value of around $25,000. It was very expensive brand new equipment from Japan. When it was reappraised the value was put at over $100,000.

This is a matter which is causing us concern. I suppose we have representations from pretty nearly every firm in Canada with respect to it, and I have written to each of them pointing out the procedure we have adopted. If we can get those values for duty established and get the machinery speeded up in that regard, then I think we can do a reasonably good job in controlling those imports.

Mr. Pearson: Mr. Chairman, I ask the minister whether it is not true that where you cannot establish fair market value for duty or dumping duty purposes, there are provisions in the present law which enable the government to establish a valuation for that purpose; that is, when the fair market value cannot be established?

Mr. Nowlan: There are provisions in the law which are designed for that purpose, yes.

Mr. McIlraith: I should think, Mr. Chairman, that the example given by the hon. member for Oxford is one that comes squarely under section 35 of the present Customs Act. Section 35, subsection 2, admirably covers that sort of dumping. It is adequately dealt with, surely, in the present legislation, but it is hard to prejudge these things on the little information we have here.

Mr. Nowlan: That is right.

Mr. McIlraith: Perhaps there is no more statistical information that we can get on dumping. I do not want to debate the subject, but there is one other matter I should like to ask the minister about. Can he tell us how many decisions of the appraisers have been appealed to the tariff board with respect to evaluation or classification?

Mr. Nowlan: I would have to get that information for the hon. gentleman; we have not it available.

Mr. Fisher: Can the minister tell us what happened to the particular cargo in question that came into Vancouver from Japan?

Mr. Nowlan: I have forgotten; I think they had to pay the duty on the valuation which was fixed. I am not quite sure about that. It is held there and if the duty is not paid then, of course, the usual machinery of the department is invoked for its disposal. I have not the information on that; it happened three or four weeks ago. I am not sure whether the matter has been concluded; probably it has not.

The hon. member for Ottawa West spoke about decisions of appraisers. I think the position is this. The decision of the appraiser is taken to the deputy minister, and the appeal takes place on the decision of the deputy minister.

Mr. McIlraith: That is what I meant; it is an appeal from the deputy minister's decision to the tariff board?

Mr. Nowlan: Yes.

Mr. Fisher: I should like to say something on the customs section in relation to books; what amounts, I would say, to censorship of books. The Minister of Justice has suggested that he is working on a new bill which will differentiate between literature and what is not literature. I want to find out whether the minister has had any discussion with the Minister of Justice on this matter. Are there any figures that we can obtain which would indicate how much time is spent per year by the customs department on this particular chore? I would like to get an idea how many books a year on the average they have refused.

Mr. Nowlan: Mr. Chairman, there have been numerous discussions between the Minister of Justice and myself with respect to this rather difficult and nasty task, one of

which I was unaware until I came in and I found on my desk one morning a heterogeneous collection of what might be called books —at least they were books; I would not say there was any resemblance to literature— and then I realized what a minor task there was in this department. I said I would have nothing to do with it, as I thought there was a better way to deal with it. Out of that arose those discussions with the Minister of Justice.

No final decision has been taken. Various alternatives have been discussed. As the hon. member points out, the Minister of Justice can take action with respect to domestic matters in this country, but I am afraid there is still going to be responsibility on the customs authorities in so far as importation is concerned, because all imports have to go through our offices. It is impossible to give any suggestion as to the time spent on this matter. The procedure, as the hon. member knows, is for a book or a box of books, or whatever it may be, to come into a port, and the collector there, the customs officer or whoever it may be, has to examine them. If in his opinion they offend that section as being treasonable, seditious, immoral or salacious and so on, then he sends them to his next senior officer, the collector. If he still thinks they are in that category they are then sent to the head office in Ottawa and the assistant deputy minister and the executive assistant take a look at them. I do not know when they do this reading. I imagine most of these books are such that they would not want to read them at all. If they decide that they are in that category they then go to the desk of the deputy minister, and if he feels that they fall within that category they finally arrive on my desk. A decision has been made on the way up the line, and I have to concur in it or otherwise.

It is impossible to say how much time is spent. I certainly have not spent a great deal of time on it. There have not been very many crossing my desk. During the last few months I have seen very few, but that is the way the machinery works. It is unsatisfactory, and it does not guarantee any great control. The officer may happen to be busy or he may be the type of man who has a very liberal outlook. If so, he will say, "This book is all right; I will pass it". Another officer may have a different view of these things.

Perhaps I should not say this, but I can think of one example to show how it works. Last year I had submitted to me six lithographs for inclusion in this year's calendars. They were six nudes. They had been passed on by all these officers. Three of the nudes were absolutely nude and three had some sort of diaphanous wrapping around their bodies. One of the senior officers said the three which had the diaphanous clothing could be admitted because they were semi-clothed. Another officer said their posture was indecent and they should not be admitted, but the nudes could be admitted because their posture was not indecent.

That is an example of the judgment that has to be exercised and the kind of artistic skill that has to be passed upon by customs officers. I really think that we are much better qualified to deal with increasing the seasonal tariff on cabbages and cucumbers than to pass moral judgment on literature coming into the country. Heretofore any decision made could be appealed to the tariff board, but very few appeals were taken. We are all aware of one rather famous appeal a short time ago, as the result of which a certain book was admitted on a split decision of the tariff board after the department had refused it admission.

The tariff board certainly does not want to be shouldered with this task. I do not think that the tariff board is necessarily the best judge of impurity in books and literature. Perhaps I could say that the courts are not either, but someone has to take the responsibility. There will be a provision in the bill which will be before the house shortly, and I think it is a step in the right direction, providing that in future appeals from decisions of the department, if there are any, will go to a court rather than to the tariff board.

Mr. Pearson: May I say I am glad to hear the minister say that this procedure is highly unsatisfactory. I agree with him as one who has to take his own share of responsibility as a member of a government that did nothing about it over the years. I also agree with him that while it is an invidious responsibility, somebody has to take it, and that really the courts are better qualified for this purpose than officials of the customs department, who are better qualified for other duties. I am glad this change is being made.

Just before we adjourn may I return to a statement the minister made a few moments ago about a shipment from Japan, I think he said, with respect to which the valuation had to be increased from $25,000 to $100,000 for customs purposes.

Mr. Nowlan: Roughly.

Mr. Pearson: May I ask him under what provision of the law that increase in valuation was made?

Mr. Nowlan: I do not have the file in front of me, but I know exactly what the hon. member has in mind. It would be under one of the subsections of section 35; I am quite

positive of that. I cannot tell him which subsection it was, but it would have to be under section 35.

Mr. Fisher: I want to thank the minister for his statement on books. It is a matter which has exercised us for some time. We have always felt that the situation was unfair to the customs department, especially when you have such inconsistencies as are evidenced by the fact that Joyce's "Ulysses", Faulkner's "Sanctuary" and Wilson's "Memoirs of Hecate County" which at one time were banned have since become rather standard works and recognized as very good literature.

How do the customs officials handle the matter of recordings? I think most members will be aware that there are a number of lewd and lascivious recordings available which can be obtained from United States sources, and I am wondering what resources the customs department has to check on this particular phase of the censorship problem.

Mr. Nowlan: The procedure with respect to recordings would be exactly the same as with respect to books.

Mr. Fisher: Are the records put on the minister's desk?

Mr. Nowlan: Since I came into office no such record has reached my desk in that way, so I would judge that the recordings are of exceptionally high quality or else none of them have come through customs.

Mr. McMillan: I should like to ask the minister a question in connection with the importation from Japan to which he referred. What would be the penalty for dumping?

Mr. Nowlan: It was not a question of dumping. It was a question of fixing the value for duty. I am speaking from memory and subject to correction, but I believe these were United States goods which had been sent to Japan by the military authorities and then re-exported from there. Therefore there would be no home market value established in Japan, and the department would have to establish the value for duty. In other words our appraisal section would have to go to work and reappraise the goods. The hon. member knows, of course, that dumping only occurs when you establish the value on the home market and the goods are being sold below that value under such conditions as affect your own producers.

Mr. McMillan: There would be no penalty at all?

Mr. Nowlan: There would be the greater duty. I think it ran into tens of thousands of dollars.

[Mr. Nowlan.]

Mr. Fisher: Can the minister tell me whether the border crossing point at Pigeon River south of Fort William has enough staff at the present time to handle any increase in its work in connection with the fair valuation of United States farm produce which has been coming in and which may be affected by future legislation? I raise the point because we are an isolated market area, and there does not seem to be enough business to rate a full time Department of Agriculture inspector. I have had requests from two farm groups in the area to check on this point so that if the agricultural legislation is stiffened there will be enough staff on the customs side to check such imports.

Mr. Nowlan: I am advised that it would appear as if there is sufficient staff, but I will take a personal look at the situation and advise the hon. member.

The Chairman: Shall item 259 carry?

Mr. McMillan: May I call it one o'clock? I have two or three more questions.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. McMillan: I should like to ask the minister a question about imports from the United Kingdom. This government provided that people who travel to the United Kingdom might bring in more goods duty free. I wondered if the minister had anything to report on the amount of goods that had been entered by Canadians returning from the United Kingdom.

Mr. Nowlan: Does the hon. member mean as a result of the change?

Mr. McMillan: Yes.

Mr. Nowlan: No, there are no statistics available on that score yet because the practice has not been in vogue long enough to enable us to compile any.

Mr. McMillan: I notice that in 1956, during the consideration of this item, some members of the then opposition, notably the Minister of Finance, the Minister of Public Works and the Minister of Justice, referred to the fact that the item covering the operation and maintenance of ports which then stood at $24.6 million was too high. This year that item stands at something around $30 million. I believe the present Minister of National Revenue entered into that discussion, too, and said that the expenditure was too high. Some members of the opposition then referred to the fact that we had too many employees in

the Department of National Revenue. They blamed the government for waste and extravagance because of the increased number of civil servants in that department. I notice that this year there is an increase in the department as a whole, but not in the customs and excise division alone. I would like to ask the minister if this increase of some 54 over the number employed by the former minister was necessary? If it was necessary, does he still think there was waste and extravagance under the previous administration in connection with that department?

Mr. Nowlan: This item does not come under this division we are discussing at all, it comes under the port administration. I shall be glad to deal with it when we come to that particular matter. It does not come under the general administration.

Item agreed to.

260. Inspection, investigation and audit services, $4,212,190.

Mr. McIlraith: I presume this is the item under which these inspectors come. Is the salary for these additional personnel provided for in these estimates or is it going to require a supplementary estimate?

Mr. Nowlan: It is provided in this estimate.

Mr. McIlraith: Will the minister tell us how many prosecutions there have been under this item?

Mr. Nowlan: What does the hon. member mean?

Mr. McIlraith: Prosecutions in the customs and excise division; I presume the place to ask about them would be this item.

Mr. Nowlan: I have the figures here for the prosecutions in connection with cigarette seizures and motor vehicles seized and sold, if those are the prosecutions to which the hon. gentleman refers. We have a series of them. These are the cigarette seizures; in 1950, 254; 1951, 558; 1952, 813; 1953, 378; 1954, 175; 1955, the same figure, 175; 1956, 134; 1957, 76. Now, the number of prosecutions does not always follow exactly the number of seizures. It is slightly less. The prosecutions, for instance, in 1950 were 242; in 1951, 535; 1952, 779; 1953, 350; 1954, 167; 1955, 165; 1956, 127; 1957, 72.

Motor vehicles seized and forfeited for the same years are as follows: 52, 184, 260, 78, 50, 26, 22 and 19.

Item agreed to.

262. Construction or acquisition of buildings, works, land and equipment, $848,400.

Mr. McIlraith: I wonder if the minister could give us a bit more detail than is shown in the estimates covering item 262? What are the main buildings covered by this expenditure?

Mr. Nowlan: This, as the hon. member knows, covers the constructions which this department does of smaller residences and offices in places which are more or less remote and in which the Department of Public Works has not the facilities or equipment or organization to do this work. In those cases, this department goes ahead and does it on its own. The record is being looked up now. I think we have two, as I recall, on the Maine-New Brunswick border, some on the Saskatchewan and Manitoba borders with the United States and two or three in the north country. There were seven combination offices and houses that I have authorized within the last few months, which will be coming under that vote for this year. That is the type of building which goes on in so far as buildings and works are concerned.

Mr. McIlraith: While he is getting the details, perhaps the minister can tell us whether there is any one really large item in it.

Mr. Nowlan: No; there is not. If there was any one large item, it would be under public works. There are no large items here but there are a series of smaller buildings which combine office and residence. It runs usually about $25,000 and sometimes much more, depending on whether it is in the north country where building material has to be transported either by plane or under the usual conditions that prevail in that country.

Mr. Houck: As the minister well knows, truck traffic especially at the port of Fort Erie is picking up tremendously. I am wondering whether the minister or his department has been making any plans for increasing the warehouse facilities for the proper handling of trucks at the Peace bridge at Fort Erie.

Mr. Nowlan: That warehouse is under the Peace bridge authority and is not directly under the department. However, we know that there is need for additional facilities and negotiations have been going on in an attempt to get them.

Mr. Pickersgill: I was rather astonished at the announcement made by the minister with regard to the Department of Public Works not having facilities in Manitoba and New Brunswick. I believe that in every province the Department of Public Works has a district architect and staff, and I should be immensely surprised if the minister's department had any district architects throughout

the country. It seems to me that this is one of those cases which we used to hear criticized so frequently by the present house leader when he was sitting over here on the opposition side, namely building branches in all sorts of departments. Surely this is something that ought to be transferred completely to the Department of Public Works.

Item agreed to.

Taxation Division—

263. General administration, $3,183,910.

Mr. Regier: I wonder whether the minister can give us the approximate relationship between the number of wage earners who, at the end of the income tax year, owe money to his department as compared with the number who are entitled to a refund at the end of the year. I ask for only a rough estimate. What I should like to know is this. Are there more wage earners who have a refund coming to them than there are those who owe money and are obliged to pay a balance?

Mr. Nowlan: I will answer that question in a moment. I should like to make a general statement on the income tax division before we deal with the detailed questions and answers, and while the officers from that division are coming down to the floor.

By any standards, the taxation division operates a large-scale business. Last year collections in this division exceeded $3 billion. Individuals paid about one-half of that amount and corporations roughly the balance, with succession duties of about $65 million being thrown in as a sort of balancing item.

The detail work is tremendous. For instance, in 1957 returns were received from 5½ million taxpayers. That figure included about 100,000 corporations.

Ledger accounts are maintained for about 130,000 instalment payers and 200,000 employers remitting tax deductions. In addition, accounting action has to be taken or was taken last year in about 700,000 cases where taxpayers declare tax owing and find that additional sums have to be assessed. Really, when one considers these figures, he gets some idea of the detail work which has to be done by the officers of this division.

The division employs 6,200 regular personnel in its 29 district offices and its head office. These figures are rather interesting. In 1937 the division had 1,214 employees and it handled 439,000 returns or an average of 362 returns for each employee. In 1947, the division had gone up to 7,400 employees and it handled 3,338,000 returns or about 450 per employee. By 1957 the number of employees was reduced, came down to 6,195 with an increase in work load, with 5,428,000 returns or an average of 876 per employee as compared with 362 to which I referred 20 years previously. Of course, accounting machinery and improvements procedures accounted to a substantial degree for those changes.

I want to give full credit to the taxation officers for their continuing efforts to reduce expenditures and for the efficiency of this department. If time permitted I could give the figures. I put them on the record once before, showing the cost today of collecting $100 as compared with the cost a few years ago. A comparison is really amazing.

I have one qualification to make on this question of efficiency. I think it is fairly well known—it is no secret—that I have been very critical of the public relations of this department. I was critical when I sat on the opposite side of the house and I have been critical since I came over to this side of the house. When I say "of this department" I am speaking specifically of this division. It was my feeling and it is my feeling that in their zeal for efficiency they have tended sometimes to lose sight of the individual and I think there is a natural pressure to look upon the taxpayers en masse impersonally, not as people. Perhaps it is difficult or impossible to look upon them as persons, but I still think that something in that direction can be accomplished. As a result, as is well known to the officials here in front of me and the senior officials in the department, we have had many conferences on this score. Some very frank talking has been done and much thought has been given to this matter. I have received much co-operation from the officials and I think that real progress has been made, or at least I hope so. Reports would indicate that at least some progress has been made in that direction. I have at least told my officials that progress should be made in it and I know that they are attempting to make and I believe have made effective changes in that direction.

Having said that by way of criticism, I think this also should be said about the efficiency of the department. I do not know but I suppose every employee may feel this, whether he is an employee of a bank or what position he may hold. I do not know of any employees who have greater pressure brought to bear on them than have the employees of the Department of National Revenue generally and perhaps particularly the taxation division where they have to go out to people's homes, go to people's offices, interview them, conduct investigations and often are in a position in which, if they wanted to take advantage of it or of the opportunities which are presented to them, there could be a marked impairment of the efficiency of the department and a reflection on the character of the officers

themselves. I think it is a real source of satisfaction—it certainly is to me as minister, and I am sure it must be to members of parliament and of Canadians generally—that so little has ever happened which would indicate in any way any derelection of duty or any impairment of efficiency on the part of the thousands of officials who are, as I say, conducting these onerous, responsible and unpleasant tasks, often under conditions which present difficulties in connection with efficient operation.

Canada can be very proud of the calibre of its public servants, their integrity and their efficiency. There have been minor derelictions of duty in the past, as is well known, but these have usually been publicized and have been rigorously dealt with. If, as and when any occur in the future the same thing will happen, but they are so insignificant in number and in frequency compared with the operations which are carried on that I think it is worthy of comment and should be put on the record.

Some hon. Members: Hear, hear.

Mr. Nowlan: As I have already indicated, we receive over 5½ million returns a year, and most of these come in just before April 30. All of them are immediately scrutinized with priority being given to refund claims, although sometimes the complaints would indicate that there is some dissatisfaction in that respect. It is, however, amazing to note what is done during that period. This work is done quickly; we employ roughly 1,500 casual or temporary employees to help carry the peak load. At the peak point, the committee will be interested to know, we process in the offices across Canada over 100,000 returns a day. In view of the fact that the staff we have to day is much smaller than it was a few years ago and that they are able to process 100,000 returns a day, there is no wonder that an occasional error may creep in and that the occasional complaint may arise as to something which has gone wrong. In addition to this processing, we have 750,000 inquiries a year, including letters coming in which have to be answered, and we handled in 1957 over 4 million refund cheques.

In the initial scrutiny of returns at the rate of 100,000 a day some errors are found, and last year of over 5 million returns which were received, 581,000 were corrected. Four hundred and twenty-three thousand of these were for tax increases, involving a little over $13 million and 158,000 were for tax decreases, involving $3.5 million, which money was refunded to the surprised taxpayers.

Of course, a percentage of these returns are earmarked for closer scrutiny and that percentage is just about 5 per cent of the total processed by the division. We have about 2,000 people who are engaged in examining these returns, of whom a little more than half have sufficient technical qualifications to make field examinations. The others are made at the desk and as a result of these reviews we received approximately $90 million in additional revenue in 1956, $78 million in 1957, and in 1958 the additional revenue received was approximately $73 million. Those are relatively small figures compared with $3 billion, but they are very substantial when looked at by themselves.

During that same period it cost $26 million to operate the department in the first year mentioned $28 million in the second year and $31 million last year, namely, 1957-58.

There are of course bound to be differences of opinion between the taxpayer and the department and that is why there has been set up an income tax appeal board to try to resolve as many of these difficulties as possible. In speaking of the income tax appeal board I know the committee would expect me, and I certainly wish to do so, to pay a tribute to the late chairman of that board, Mr. Fabio Monet, Q.C., who died so suddenly last December. His death deprives this board and the Canadian public service of a very loyal, a very conscientious and able servant. He brought to his important duties an experience and a record of courtesy and impartiality in his profession which had earned him the respect of all.

To deal for a moment with the actual estimates before us, the taxation division is asking this year for $32,481,564. This reflects an increase of $801,000, in round figures, over last year. Of this, $675,000 is required for the two salary allotments and the principal factor in this increase is the provision of approximately $450,000 to recruit 175 additional assessors in order to bring our district offices more closely up to strength again. We have the same problem as that which I mentioned this morning in dealing with customs and excise —the fact that it was impossible to get qualified assessors during the preceding years. A real drive has been made during the past year to recruit additional qualified staff and that is getting results. We believe we will have the 175 additional assessors to deal with more of this review work to which I referred a few moments ago. The balance of this increase is largely accounted for by the statutory increases in the civil service and by promotions.

In order to provide better supervision and enforcement in the administration side of the division, we have reclassified upwards of about 260 positions. However, the values of

these reclassifications have been offset by the elimination of 308 full-time positions. This is the result of a three-year program which has now reached its completion. In these estimates the increase in salary costs of seasonal employees is $510,000, which increase covers higher rates of pay plus longer retention. The total payroll provided by these estimates is $28,659,010. The regular staff as of April 1 this year was 6,172 and the seasonals numbered 1,434. Last year at the same time we had a regular staff of 6,195 and 1,303 casuals.

Others types of expenditure show a net increase amounting to $162,000. The major increases are as follows:

Travelling expenses	$60,000
Telephone and telegrams	$40,000
Public forms which have to be printed	$72,000

In regard to the income tax appeal board, there is an increase of $14,220 in the appropriation for administration purposes. The increase in the volume of work which must be handled by the board is indicated by the following statistics:

	1956	1957
Number of appeals filed	373	486
Number of appeals disposed of	312	371

The number of appeals outstanding as of March 31, 1957 was 306, and the number outstanding as of March 31, 1958, 446.

In considering these main estimates of the taxation division and the income tax appeal board it is important to note that the volume of business which we are being required to transact is increasing at an accelerated rate. This is principally substantiated by the increase in the number of income tax returns being processed. The number of returns during the last four calendar years was as follows: In 1954, 4,940,000; in 1955, 5,058,000, or an increase of 2.4 per cent; in 1956, 5,243,000 or an increase of 3.4 per cent and in 1957, 5,542,000, or an increase of 5.7 per cent. That roughly gives a picture of what has been done by this division and the kind of business that has been transacted, together with an indication of the expenditures and the reasons for the increases.

Mr. McIlraith: I wish to thank the minister for his statement on this item. I was particularly pleased with his remarks as to the efficiency of the personnel and staff of the division. I am one of those who has held the view for some time that this department deserves credit. Bearing in mind the suddenness of increased taxation burdens thrown on the taxpayers during the war years at a time when personnel to perform this work were not available due to the shortage that existed in the war and immediate post-war years, I felt it did not get sufficient credit. In any system of taxation where taxes are as high as ours of necessity are in this country it is important that the public have confidence in the absolute fairness and integrity of the department charged with the responsibility of collecting taxes. If we ever reach a state where that confidence is lost or impaired then there develops a bit of a struggle between the taxpayer and the tax collector and there is a breakdown in the whole system. I believe it is important that this confidence be maintained and I believe the personnel of this branch of government deserves the confidence it holds.

While I could if I wanted make some sharp comments about some of the remarks made by the minister and some of his colleagues when they were in the opposition concerning this subject I will not do that. I do not think it is a fair thing to do and I am sure no one realizes better than the minister that some of the criticism may have been slightly excessive or misdirected.

I believe the minister is correct in emphasizing the importance of the need for good public relations for this department. It is important not only that the department perform its duties in an efficient and fair way, in a way that will lead all citizens to believe there is absolute fairness in the administration of the tax law as between individuals, but it is also important that the public feel that is being done. For that reason I can only encourage the minister in any attention he will give to appropriate improvements in the public relations of the department.

I also could not help but feel appreciative of the work that has been done in reorganizing the staff in the program announced some years ago by the minister's predecessor in office. I was quite happy to observe that the minister did not seek to give the impression that this was something he had undertaken in the last month or two and he recognized it was a three-year program and had been carried out over that period of time. I am afraid that all too often in the last few months we have had the opposite type of treatment of some of these subjects on the part of various of the minister's colleagues. I can only commend him for not falling into that error and doing something which I believe is not proper for a minister to do and that is to mislead the committee. There is nothing more I wish to add on the general administration and perhaps I should now yield the floor to other hon. members who may have questions to ask.

Mr. Pickersgill: Mr. Chairman, I am going to be very brief. I should like to echo what the hon. member for Ottawa West has said. I wish to echo his words for the special reason that I am going to refer to a specific case. I do not wish to have the minister think I am suggesting anything should be done to weaken the integrity of the department. It seems to me that is even more important than any other consideration including efficiency, public relations or anything else. I believe that practically all Canadians are convinced that the income tax branch is completely honestly run and that unhappily is not true in many countries. It would obviously have been impossible for us to collect the huge amounts of revenue that have been collected in this country in the last 20 years, and especially since 1940 since Mr. Ralston's budget of that year if there had not been the feeling of confidence that there was almost 100 per cent integrity in the income tax branch. What the hon. member for Ottawa West said about that is something all of us should bear in mind, including the minister who I know does bear it in mind as the first consideration and first duty because of necessity income tax is one of those things that has to be administered in secret. I will not use the word the minister does not like but it has to be done that way. Therefore in that field more than in any other it is incumbent upon the officials to preserve integrity and if public relations may occasionally suffer thereby I think it is better that public relations should suffer than that integrity should suffer.

I wish to say a word about a matter which I have already brought to the attention of the minister. I would not be trespassing upon the time of the committee now if I had not received a little encouragement from the minister to do so. I have in my hand a letter from one of my constituents. I will not read the letter but in it the gentleman relates that he was summonsed and convicted in the courts for failure to submit an income tax return. This constituent, according to his own story which I think the tax department believes to be correct, is a married man who is crippled and who has three children. He was employed only for six months of the year. Apparently he was charged on the wrong assumption that he was a single person. This is a case of a person who did not know the law very well. I do not question that the law was properly carried out. I am sure it was. But what I question is whether there was perhaps a little excess of zeal in bringing the charge in the magistrate's court before someone had investigated all the circumstances. Even if there was a technical infraction, since this man was so clearly and obviously not liable for tax, he should not have been charged and fined $25. This man has a very small amount of income on which to support himself, his wife and his children. A fine of $25 means a great deal to this man and his family. I must say I have not had any other case like this in my recollection since I became a member of parliament, but the minister told me that, from time to time, cases of this sort arise and that he did not think there would be any harm caused to anyone in having the matter raised in the house. I think the minister hoped that by my raising it he might be able to say something which would perhaps improve public relations a little in this respect.

I do not want to suggest to any hon. member that there is any private treaty between the minister and myself. I believe the last few days will have convinced most hon. members that the minister and I are dealing at arm's length. However, cases like this do result in those dubious public relations about which the minister spoke. In bringing this up I do not wish it to be thought that I want anything but the most utter integrity in the administraion of the income tax law.

Mr. Nowlan: Mr. Chairman, perhaps I can deal directly with this point. I think the hon. member has something else he wants to attend to shortly and perhaps I should reply while he is still here. I certainly appreciate the problem he has raised. It is by no means unique. We have quite a few similar cases. As a matter of fact, I have a breakdown before me. We had something like 80,000 requests which we had to send out for the filing of income tax returns. Just to keep the records straight, I think it should be made clear here that the hon. gentleman implied that there was perhaps no justification for the filing of the return. That is true as it developed, but the situation in short was that this man was employed.

Mr. Pickersgill: If I did that I did not mean to.

Mr. Nowlan: This man was employed. He filed, or had filed for him, I presume by his employer, a T-4 slip which showed his income as something over $1,000 a year, we will not say how much, and somebody had erroneously completed a form showing him with an exemption of $1,000. Therefore, obviously, on the return filed he was taxable, and it was on that basis that he was prosecuted and fined. When he was prosecuted that is what we discovered. His employer had sent in this slip showing that he had received over $1,000 a year and was entitled to an exemption of only $1,000. In accordance with the practice

of the department he was sent the first letter pointing out that he should have filed an income tax return and asking him to file one. He did not reply to that letter for reasons which apparently were good and sufficient. Anyway, the circumstances were such that he did not reply to the letter. Later on, after 30 days, the department sent him a registered letter asking him in firmer terms—you might call it a demand—that he file and warning him that if he did not file he would be prosecuted. There was no reply received to that letter and then, after a considerable lapse of time, the matter was turned over to the R.C.M.P. Prosecution was started and when the facts were developed—of course, he was guilty of not filing—he was fined $25, as the hon. member says. Obviously, on the facts and the information we received, he was not taxable because he was a married man with three dependents, when the form which was filed with the department indicated an exemption of only $1,000. That is how this happened. It is regrettable. I understand that they were probably in difficult circumstances. Usually those people who are prosecuted are in difficult circumstances. The ones who are not and who avoid income tax do it through media other than failing to file, at least most of them do. They file incorrect returns. Those who fail to file are very often those people in the most difficult circumstances possible.

As I said, we sent out 88,000 requests for filing. Then, the demands were cut in half; half of them replied. Forty-seven thousand demands had to be issued and there were 5,400 for prosecutions across Canada and we discontinued 2,200 of them. As the facts developed, 2,200 were dropped but 3,157 were taken to court. My officers feel that by a more careful analysis of this procedure in the future we can reduce the number of prosecutions started, at any rate, and bring it down to a substantially lower number than we have today.

Mr. Fisher: Mr. Chairman, any diffidence that I may feel about bringing up the Premium Iron Ore case again is really dissipated by my recalling that in the house the minister told me that some of my arguments on a previous occasion could be easily corrected or, as I recall it, he said that they had no legal basis. Therefore, I am glad to be back at it again to give the minister an opportunity of clearing up once and for all any misunderstanding there may be on this case from the point of view of this department. I suppose the matter is relevant to the Minister of Finance and also to the Secretary of State for External Affairs.

A complete review of the case is hardly necessary but there are several points in question that might very well be settled now.

I might begin to make this point by reading two editorials, one from the Winnipeg *Tribune* of Friday, July 25, 1958, and the other from the *News-Chronicle* of Saturday, August 2, 1958. The editorial in the Winnipeg *Tribune* is entitled:

These questions should be answered.

One of the questions mentioned in chats between Prime Minister Diefenbaker and President Eisenhower during the Ottawa visit was the Premium Iron Ores case. Mr. Diefenbaker confirmed this in reply to a question in the commons.

Ordinarily the court case between Cyrus Eaton of Pugwash and the United States tax collectors would be a private fight and no particular concern of Canadians or the Ottawa government. But some of the circumstances about the case make it very much the concern of Canadians.

In the first place, the tax treaty between Ottawa and Washington seems to be jeopardized by the persistence of the United States revenue department in trying to collect taxes from Premium Iron Ores.

Washington tax collectors insist that there has been no official protest from Ottawa against the raid on Premium. Members of the Ottawa government insist that protests have been lodged repeatedly during the past several years.

To end any doubt on this question the dates and nature of the series of protests should be officially tabled in the House of Commons.

In the second place, there have been persistent reports that bureaucrats in the Ottawa revenue department have encouraged their counterparts in Washington to ignore Canadian government protests and to press the suit against Premium in the United States courts. The name of J. G. McEntyre, deputy minister of national revenue, has been repeatedly mentioned in these reports.

These questions should be asked and answered:

Has McEntyre encouraged Washington tax collectors to make a dead set on a Canadian company in spite of Ottawa government policy and the tax treaty?

Is this encouragement still going on?

If so, what does the Diefenbaker government intend to do about it?

Are United States tax officials still being supplied with information from tax files by Canadian revenue officials to help them in their case against Premium?

I would like to move from this editorial to what is perhaps a stronger editorial and at this time I am not identifying myself with either of these particular views. This is from the paper in my home town of Port Arthur, the *News-Chronicle* of August 2, 1958. The editorial is headed:

Matter of tax policy.

The plight of Premium Iron Ores Limited, which faces a multi-million tax suit in the United States, has been set out in these columns several times in recent months. The company, operating in Canada, and subject to Canadian taxation laws, is seeking immunity from taxation by the United States government on the basis of an agreement between Canada and the United States that was designed to prevent double taxation.

The strange feature of the case is that the heads of government appear agreed that there should be no double taxation. Official protests have gone to Washington from the previous and the present Canadian governments. Prime Minister Diefenbaker

mentioned the case to President Eisenhower during the latter's recent visit to Ottawa, and the president apparently agreed Premium was being subjected to double taxation. Why then, does the United States internal revenue department persist with the case?

The only logical answer is that high-ranking civil servants are handling the case in defiance of their superiors. It has been charged that Canada's deputy minister of national revenue and the acting head of United States revenue department have exchanged letters on the Premium case. If statements attributed to the Canadian civil servant are correct, then it is high time the government stepped in and cut him down to size.

What is involved in the Premium case is not routine business between Canadian and United States revenue departments. It is strictly a matter of policy. And policy should be made by the federal cabinet not by deputy ministers.

Prime Minister Diefenbaker should call an investigation into the Premium case to determine exactly what has gone on, and how many other cases there may be which have been decided by civil servants. It should be unnecessary to spell out duties and limitations of authority to such responsible people as deputy ministers, but the investigation may reveal such action is necessary.

Certainly it is desirable that this case, once dismissed by a United States court and now before the United States court of appeal, should be settled. If the settlement is anything other than dismissal, the position of American investment in Canada is in grave danger, and therefore so is the future of Canada.

These two editorials, I think, probably place the case much too strongly and they stem from part of the pressure campaign that has been organized by Mr. Eaton. I have no comments, pro or con, against Mr. Eaton's pressure campaign.

I think he may tend to practice it more because the American environment he has been in for so many years is more open to that and I think he may not be aware that this is rather unusual in Canada. But there is nothing to stop him from mounting such a campaign and when one considers that in a sense his own company and his own fortune are in jeopardy—I would not say his whole fortune, of course—one can understand his particular reason for being worked up about it. I have a letter from Mr. Eaton dated July 15, 1958 referring to the correspondence which has excited these newspapers. That correspondence can be found in sessional paper No. 204 containing a copy of all correspondence and other documents exchanged between the Minister of National Revenue or any officials of the department and officials of the United States concerning Consolidated Premium Iron Ores Limited from January 1, 1948 to May 12, 1958. I want to read the pertinent part of Mr. Eaton's letter into the record. I do so in order that we may be able to see the situation in the opinion of one of the persons involved, a person who has been organizing his case in every possible way. He says:

The McEntyre correspondence discloses the shocking situation of a deputy minister making confidential commitments with a foreign government in defiance of his own Prime Minister and cabinet. Some of the letters written in 1958 are self-serving documents for the record that probably were arranged by telephone calls or conferences between the writers.

I might interpolate that Mr. Eaton seems to have a suspicious mind. He goes on:

We will produce the statements from Americans to verify every line written by Judith Robinson.

This is a reference to item No. 5 in the sessional paper which was a letter to Mr. McEntyre dated April 2, 1958 from the United States treasury department over the signature of O. Gordon Delk, acting commissioner. In this letter Mr. Delk says:

The statements made in the letter of February 15, 1958, apparently have their genesis in the same source which inspired certain articles by Judith Robinson appearing in the Toronto *Telegram* under dates of February 18 and 20, 1958. The article of February 20 attributes the statements in question to Mr. Harry Swanson, our director of international operations, in alleged testimony on February 14, 1958, before the committee on foreign affairs of the United States house of representatives. It is assumed, therefore, that Mr. Swanson is the individual referred to in the letter which came to your attention.

Then this letter goes on to dynamite the substance of the points made by Miss Robinson in her column. Mr. Eaton says in his letter:

We will produce the statements from Americans to verify every line written by Judith Robinson. The senate and house in Washington would promptly put an end to this clear cut case of circumvention of the tax treaty between Canada and the United States, if it were not for the fact that the U.S. revenue agents continually emphasize that Canada has never protested but that on the contrary the U.S. agents have had the continued co-operation and support of the Department of National Revenue in Ottawa.

Before I put on record my own interpretation of what we might call the McEntyre correspondence I should like to put on the record the point of view expressed by the United States ambassador to Canada on April 8, 1958. In a press release issued from the United States embassy he said:

The United States department of justice has taken an appeal to the United States court of appeal against the decision, handed down last April, of the United States tax court in the tax case against Consolidated Premium Iron Ores Limited. Because of a crowded docket, it is understood that the case will not be argued until after the court's summer recess.

I understand, by the way, that the case is going to be heard in September.

The department of justice stresses that an appeal is available as a matter of right to either litigant in such cases. If either party is still dissatisfied after the court of appeals hands down its decision, either will be able to apply for *certiorari* to the United States supreme court. Appropriate legal remedies are similarly open to litigants in Canada.

It is also the position of the department of justice that a reversal of the tax court decision by the court of appeals would have no effect on the standing or validity of the convention between the United States and Canada for the avoidance of double taxation and the prevention of fiscal evasion in the case of income tax.

It seems to me that is the key point and that the minister might clear it up. I refer to the point made here that even if the decision does go to the United States tax authorities it is not a contravention of the double taxation treaty. The release goes on:

The tribunals of both the United States and Canada will from time to time be required to decide what the facts are in a given case and then apply pertinent provisions of the tax convention.

In all such cases it may be confidently expected that the nationals of each country will be afforded the fullest protection of the law. The United States government is vitally interested in the double taxation convention. There are no grounds for allegations that abrogations, derogation or circumvention of the convention can result from full and open consideration of the convention in the course of the Consolidated Premium Iron Ores case.

The minister is aware that as a result of this press release Mr. Merchant was taken over the hurdles by a subcommittee of the United States senate. Very severe criticism was meted out to him for issuing this statement in which he said that no matter what happened in this case the double taxation convention was not in question. If that is so, I certainly think we need a statement on the matter because I have here the brief of the respondent to the United States court of appeals and I should like to read a section of it. On page 71 there is the following:

As we have discussed, the present appeal in the Eaton and Daley cases and the Premium case is essentially a challenge to the careful, detailed factual findings and conclusions of the tax court, based upon a voluminous record of testimony and documentary evidence.

The events with which this case is concerned involved a Canadian enterprise. It concerned the production of iron ore badly needed for war purposes. The physical difficulties in exposing the ore under Steep Rock lake were enormous. The accomplishment of the engineering task, the financing and the arrangements for marketing the ore—located, as it was, in a remote wilderness—was a feat of tremendous proportions.

The transactions in these cases have at all times been subject to the taxing power of Canada, and the taxes levied by Canadian law have been and are being paid.

The effort of the internal revenue service also to subject Premium, a Canadian corporation, to United States taxes, and, as a result of a belated afterthought and an involved, elaborate, novel and devious theory, to tax United States stockholders of Premium for certain alleged profits of the Canadian corporation, is directly contrary to the treaty and to the applicable statutes, judicial decisions and ruling of the treasury department itself, and to the facts.

That, of course, is a biased point of view. It is the point of view of the respondent, but it does make the point again, as a result of what went on before in the tax court, that despite what the United States ambassador has stated, there is a question of the double taxation convention being abrogated, and I certainly think anyone reading the last protest made by this government to the United States government would also get that impression. I should like to ask the minister to make a statement that will clear up once and for all the position of his department and the government with relation to this case, to try to give us an assessment of the protests made to the United States authorities and some indication why no action has been taken to cancel this appeal.

On the matter of the strictures upon the deputy minister that have been made by the press with regard to this particular case I think that perhaps they have been most unfair to the deputy minister and in assessing this correspondence I certainly have difficulty in deciding whether to criticize or to praise him or to be able to say whether or not he has taken the right course. I know there are some statements in there that surprise me as coming from the deputy minister, but I do not know whether or not this is normal. I have somehow the feeling that this correspondence reveals that civil servants, in their relationships with other countries, tend to behave somewhat like Chinese mandarins in one of the older dynasties, where everything was very formal, and there seems to be a feeling that the emperors, in this case the politicians, do not really know what they are about.

I would appreciate it very much, and I think we could avoid a lot of this voluminous editorial writing, I might call it, that has been going on all across Canada if the minister would make a statement to clear up these questions.

Mr. Nowlan: I believe, Mr. Chairman, it would be highly inappropriate for me to make a statement in detail on a matter which is presently before the United States courts. Some of the material which the hon. member has read to us this afternoon and which, as he says, is prejudiced material, suggests that this company was doing business only in Canada. Well, of course that is the crux of the case, and that is the point that has been referred to the United States courts. If the company was only doing business in Canada, then it should not be taxed in the United States. The tax authorities in the United States say it was doing business there. They took the case before the tax courts, and they lost it. For some reason, which I regret, they saw fit to take this case farther, and so far as I can tell now, may have the intention of proceeding with it. If that is their intention, there is nothing the

government of Canada can do to stop it. It is the right of their government to take matters before their courts which arise within their country. When a decision is evolved it will be a matter of very careful consideration by this government, by our officials, and then a course of action that may be necessary can be determined. Nothing more can be done in connection with this matter than has been done.

The preceding government sent an aide-memoire to the state department in Washington. Then, as the hon. member well knows, there were whispers going on, or so it was said, to disregard it; that it was not forcibly presented to the United States government. The present government sent another note to the United States government because there were many factors involved in this case as well as the tax convention itself. This government felt, for reasons which were known to the United States authorities as well as our own, that the matter should be dropped. To reinforce that, the Secretary of States for External Affairs, when he was in Washington, was instructed by this government to inform the officials of our position. I was advised that this had been done verbally to the secretary of state, the United States treasury officials and the attorney general of the United States.

When the President of the United States and the secretary of state were here a few weeks ago there were conversations with the cabinet. After the cabinet meeting, the President, the Prime Minister and I had a discussion on this matter. I am not suggesting that the hon. gentleman was misleading in any way, but it is not correct to say that the President or the secretary of state expressed an opinion on this matter. They did not say that they felt the thing was being wrongly handled or that they should not proceed with the case. I raised this, and said it was a matter of concern to the Canadian government. This time, I can vouch personally for the fact that there is no validity in the statement that this has not been communicated to the United States officials, definitely and firmly. It was done in a personal conversation in this building, in fact in room 16 right off this chamber. The President and secretary of state made inquiries about it, and said they would inquire further into it on their return to the United States to see what the situation was. Neither the President nor the secretary of state expressed any opinion whatever on the action. However, I was advised afterwards that even that afternoon they were making telephone calls with respect to it and making inquiries. That is the situation so far as the President of the United States and the secretary of state are concerned.

A great deal has been said, and a lot of misinformation has been spread around, which is not justified in any way, shape or form by the facts, about civil servants communicating information from one country to the other. If any one of the persons who made this charge ever looked at the tax convention between the United States and Canada he would find that the tax convention requires the officers of one tax department to communicate to the officers of the other tax department information which is requested about the affairs of a taxpayer whom they are investigating. In other words, if information was communicated, and I believe it was in the earlier days at least by officials of national revenue, either through Mr. McEntyre or his predecessor as deputy minister or some assessor in Toronto where the file was kept, to the United States officials, that was proper. The United States officials had a right to ask for that under the terms of the tax convention and we could not have refused to give them the information, even if we had wanted to do so. Therefore, there was certain information requested and certain information given.

There was an allegation also that Mr. McEntyre had encouraged these proceedings, but the hon. member for Port Arthur had the file produced and tabled in the house, and he says quite frankly, having read the file, he cannot see any justification for these charges which have been made against Mr. McEntyre. Neither can I. I am satisfied that nothing has been done by Mr. McEntyre or by any of the other senior officials of the department, except what has been done in compliance with the terms of the convention.

I might say the hon. member asked if any information is being given by the department now. There has been no communication with the United States authorities for a long while. I presume the reason is that they have completed their investigations and do not require any further information. At any rate, they have not asked for any more information and there have been no communications from Mr. McEntyre or any other official of the department for some time. Many allegations have been made, but I am not going to stop to discuss them all now, and I certainly do not want to discuss the case itself. I do think there has been an over-emphasis, and I express it that way, of the distortion by bureaucrats and matters such as that. Whatever the facts may be, they are presently before the courts in the United States and this government has to leave it to the United States government to decide whether they

should proceed with that action. Every possible approach has been made to them on that score. If the United States government decides not to interfere but to allow the action to proceed, naturally we will await the judgment which will be given by the court in the United States. Then, having got that, we will be in a position to discuss the matter if such a discussion is necessary.

Mr. Fisher: There is one more question, Mr. Chairman. The case which is before the United States court of appeals has three aspects. First, there are two persons involved, Mr. Daly and Mr. Eaton, and then there is Consolidated Premium Iron Ores Limited. I was just wondering, if the case did go against Premium Iron Ores or against the persons, or against both, what would be the position so far as the tax treaty is concerned, in Canada's view? Surely, the minister can make a comment on that without prejudicing what may be before the courts.

Mr. Nowlan: I cannot make any more comment than I have. This matter is within the competence, shall I say of the United States taxing officials, to assess someone for taxation. Whether or not they are right in that, as is the case in this country, must be left to the courts to determine and that is what is going on in the United States at the moment. There has been an assessment made on the company and on individuals, and whether or not the facts warrant that there may be grave differences of opinion and grave doubts. There is nothing that one can do about it. The matter has to be left to the United States courts to determine. This is not a one-way street. There are scores of cases on the other side of the street where Americans assert that we are taxing them wrongly and are obliged to take recourse to the Canadian courts in order to get those matters determined. That is what the tax convention is for. It is to avoid double taxation. Of course there is no double taxation practice in one sense because, as far as Premium Iron Ore is concerned, the company was not taxed in the years in question.

Mr. Deschatelets: Mr. Chairman, I should like to submit again a suggestion that I made in 1957 to the minister's predecessor in the estimates committee. It has to do with the way in which the income tax inspectors are making their investigations. I understand that the income tax inspector would go to a taxpayer and ask him all kinds of questions in order to get information and facts to which these inspectors no doubt are entitled. The point I have in mind is to put the taxpayer on the same level as the department when a case reaches the court. What often happens is this, and it has even happened to the minister who practised for many years. When a client who was sued by the department went to his office and the minister asked his client the question "Have you discussed the matter with or were you interviewed by an inspector of the department", his client would answer "yes". Then when the client was asked the question "What did you say?" it turns out that he does not remember. The point I have in mind is this. We are not interested in winning cases. In this department we are interested—and I think the minister will agree with me—in gathering facts and in having justice done in such a way that both parties will be on the same level. We should avoid a situation in which a taxpayer may be taken by surprise in court. Hence the suggestion I make again is this. When the income tax inspector goes to interview the taxpayer, he gets the facts which the taxpayers usually gives very willingly. What is the reason why he does not, at the end of the interview, deliver to the taxpayer a copy of the statement of the facts he is presenting to the minister? This investigation has but one purpose, namely to get the facts. If the evidence is well established, a prosecution will follow. What I have in mind is that we should try, as best we can, to ensure that the taxpayer is not taken by surprise in court and that he is given every possible opportunity to defend himself. I believe the minister will see some merit in this suggestion, and I would hope that he would examine the possibility of adopting it.

Mr. Nowlan: I will have to tell the hon. member, as he has reminded me, that I sat on the other side of the desk for a good many years and I think I know something of the problems involved. I have great sympathy. I can assure him that this suggestion and others will be given most careful consideration by the administration.

Mr. McIlraith: There is one matter I want to raise, Mr. Chairman. The minister will recall that, when the estimates of this department were last before the committee of supply some 26 months ago the present Minister of National Health and Welfare who was then a member of the opposition made a rather strong criticism of the department. It was really an attack on the department. Among other things he said this, as found at page 5018 of *Hansard* of June 13, 1956:

> It was clear in the evidence that the collecting department of the Department of National Revenue is not clear in its own mind as to how to determine the laws that exist,—

Then coming more particularly to the point he went on to say this:

I should like to say a few words on the iniquitous net worth system of collecting taxes, and it applies to all people, not only to farmers.

Then the minister himself followed in somewhat less strong language—

Mr. Nowlan: I was hoping you would spare me that.

Mr. McIlraith: —but nonetheless forceful language. In any event I want to quote one portion of his remarks in order to make my point. I am quoting from page 5048 of *Hansard* of June 14, 1956:

What is the situation? A farmer is confronted with a net worth statement. He is told, "If you can prove we are wrong, we will accept it. You prove that we are wrong". How can that be done by a farmer whose records are usually somewhat incomplete—at least I am speaking for the farmers whom I know, namely those in Nova Scotia—and who does not purport to keep records over a long period of years?

The point I want to get at is this. Bearing in mind the debate on that occasion with which he is very familiar because of his own participation in it and the attention he undoubtedly gives to his present colleague the Minister of National Health and Welfare, what administrative changes, if any, has he made with respect to the net worth statements as they apply generally and then as they apply particularly to farmers?

Mr. Nowlan: As far as the practice as such is concerned, I do not think I can honestly say that there have been changes in the practice which ultimately may have to be carried out. Numerous discussions have been held with the head office officials, with assessors and with chief assessors and it has been decided that by following every source of information and pursuing records we could avoid the number of net worth statements which heretofore were taken. We have therefore, reduced the proportion, relative to the over-all number, of net worth statements.

We take a net worth statement only when it is obvious that the records are so incomplete and so impossible to reconcile that that would be the only way in which a fair appreciation of income could be obtained. Then having made up the net worth statement, a copy is sent to the taxpayer before an assessment is made; and he may be asked to come in and review it with the officials. Every care is taken to make sure that when that assessment is finally made on that net worth statement it is as accurate as it is possible to get it. I think that has been done. As I said, it is perhaps not a matter of administrative change. When you have to make up a net worth statement you have to make it up on the same principles. It is a matter of emphasis, one should probably say, rather than one of administrative change.

Mr. McIlraith: Perhaps I will not press the minister on the matter. I assume he went rather far in 1956.

Mr. Nowlan: I still think it is a system which obviously has to be handled with great care by the officials.

Mr. McMillan: I know that the duties of the tax collector are not very popular ones. I want to agree with the minister that he has a very efficient and loyal staff which is noted for its integrity. I have always found the officials very reasonable to get along with here in Ottawa and in the district offices. However, I think the minister should at all times strive for better public relations. We sometimes hear complaints. As members of parliament knowing their problems I think we should help the minister in that respect. I was glad to hear the minister say what he did about net worth. That always troubled the farmers of my particular part of the country and I suspect the same applies to farmers in the minister's part of the country, because I remember in 1956 he said that some inspector had seen a lady there with a new fur coat and had immediately moved in on her husband, or something to that effect.

In connection with prescriptions for drugs, I find they will be exempt as far as income tax is concerned, and would like to know whether or not in submitting the income tax return it will be necessary for the druggist to send a copy of the prescription as well as a receipt for the drug. I think this will be of some concern to some people.

I would also like to know if the department is getting any closer to a definition of capital gains. I know that capital gains are not taxed but a lot of people do not know the difference between earnings and capital gains. In previous years the department was criticized because its estimates exceeded actual expenditures by about 3 per cent, and I am just wondering if that will be the case this year.

I had another question which I asked the minister previously, but I understood him to say it should be asked on item 260. Item 260 went by and I did not repeat it.

Mr. Nowlan: On the matter of drugs, of course drugs are not exempt as the hon. member well knows, and this rule can only be applied if the medical expenses exceed 3 per cent of the income. In other words, drugs bought on prescription will now be applied as medical expenses rather than as

the specific drugs which heretofore had to be named in what was always rather a cumbersome procedure.

I am not certain myself at the moment as to what procedure will be followed. It is a matter of administration. I would think you would have to have a receipt for medical expenses, anyway, you would have to have a receipt for your doctor's bill and you would have to have a receipt for drugs, so that it would be a matter of assessment and administration. I do not think there is a rule which requires the druggist to attach a copy of the prescription.

It may be that we will find abuses of this procedure and that some such action will have to be taken, but I am sure that the druggists' profession, as in the case of the medical profession, will make sure there are no abuses and that when we see a receipt attached to an income tax return in respect of drugs that may be accepted as proof of the expenditure. Of course there may be individual cases during the years where suspicions may develop and further investigations will have to take place, but certainly this will not have to be done as a matter of practice.

Mr. Mitchell: There are one or two points I would like to bring to the attention of the minister and his officers with respect to abuses in prescription medicine already taking place. I think the minister will remember that when we discussed the bill on committee stage I spoke two or three times and suggested that a certain amount of inspection may be necessary on the part of his department to overcome such abuses. I happen to know that certain abuses are already taking place and I have just returned from the Canadian pharmaceutical association convention in Edmonton, of which association I am an officer, and I would like particularly to draw the attention of the department to what I might call the "over the counter type of preparation", which in this case is a dietary supplement for infants and children. Due to, shall we say, the integrity of the manufacturer, he is now supplying a printed prescription form to the medical practitioner and all that that practitioner has to do is to sign the form which to all intents and purposes makes it a medical prescription. This in turn is deductible for income tax purposes by the taxpayer presenting it and this particular item happens to be the largest size of the product manufactured. The patient is entitled to a receipt from the pharmacist and it can be used as a deduction for taxation purposes. In view of the fact that infants and children are involved such a prescription can be re-applied a number of times.

The point I am trying to make is that if this practice should be followed by other well-meaning Canadian pharmaceutical houses of repute this could defeat the purpose of the bill and could certainly add to the budget of the minister who brought this legislation into being. We wrote letters to the company concerned, to the minister's department and to the Canadian pharmaceutical manufacturers' association in the hope that they would warn their members that they should not continue in respect of the organizations under their control, but I am afraid that such a practice may create a good deal of abuse.

Mr. Nowlan: I should perhaps say a further word on this matter. Of course the hon. member knows that the section of the act requires the pharmacist himself to register the prescription and to have it readily available if investigation is necessary. I have said before and I repeat that we are in general prepared to accept the integrity of both the medical and druggist professions but if abuses do creep in, as apparently may be the case in some respects today, they will not go undetected because when this department starts to investigate they usually make such a complete investigation that the facts of the matter are very definitely established. If people abuse this practice I can assure you, Mr. Chairman, that they will be prosecuted under the terms of the Income Tax Act as rigorously as possible, because this is something which is being done for the benefit of the people as a whole. We trust and have confidence in both professions and also in the general public, but if a few people, particularly a few professional people, attempt as a practice to take advantage of this legislation—and of course there is always an isolated example which can very often avoid detection—it will be detected, it will be investigated and it will be established and the people who are perpetrating it will be very, very sorry they ever did so.

Mr. McMillan: I hope that such abuses do not creep in. I do not know whether in professional men the minister included lawyers.

However, when prescriptions are given, for instance for narcotics, if the Department of National Revenue demands copies of such prescriptions two prescriptions would need to be issued. There would have to be a duplicate because the druggist would have to keep on record the prescription for examination by the officials of the Department of

National Health and Welfare and he would have to send one copy to the Department of National Revenue.

Mr. Nowlan: I am told by my officials that we do not ask for the second copy of the prescription.

Mr. Howard: I would like to pose two questions to the minister and, following upon his answers, to expand upon a particular case. I will have to put my first question in a general hypothetical way. I wonder if the minister could explain the attitude or the policy of the department with respect to this legislation in regard to Canadian companies which are wholly owned subsidiaries of United States companies and where the Canadian company is taking the raw material product and shipping it to its parent company in the United States for manufacture. What system is available to set a value on the unit of the raw material for income tax purposes if it is suspected that the Canadian company which is a subsidiary of a United States company is, for bookkeeping purposes, selling to the parent company at a greatly reduced rate to escape the payment of income tax. Is there any provision for that sort of thing?

Mr. Nowlan: I am not sure if there is any specific section dealing with it. There is the general provision under the law relating to companies dealing at arm's length. In the instance mentioned it would not be an arm's length transaction. The burden is very heavily on the taxpayer to establish the bona fides of any transaction entered into between two companies of that kind. I do not recall at the moment a specific section on that. There is one, of course, dealing with inadequate considerations which does not deal with United States subsidiaries specifically. I refer to section 17 of the Income Tax Act which reads as follows:

17 (1) Where a taxpayer carrying on business in Canada has purchased anything from a person with whom he was not dealing at arm's length at a price in excess of the fair market value,—

You are raising the case of selling it for less money. I continue:

—the fair market value thereof shall, for the purpose of computing the taxpayer's income from the business, be deemed to have been paid or to be payable therefor.

(2) Where a taxpayer carrying on business in Canada has sold anything to a person with whom he was not dealing at arm's length at a price less than the fair market value, the fair market value thereof shall, for the purpose of computing the taxpayer's income from the business, be deemed to have been received or to be receivable therefor.

Then this is a matter of assessment and valuation to determine what the fair market value would have been.

Mr. Howard: I appreciate the clarification the minister has given. I had it in the back of my mind that something of that nature did exist because I recall a case in British Columbia a few years ago where that question did arise.

Following upon that, what steps would one take if he were of the opinion that such an arrangement was being entered into to escape the payment of income tax? What material would an individual have to submit to the department to set the wheels in motion to have the matter looked into?

Mr. Nowlan: If a person interested in this were living near a district office he could go and call on the head of that office or the chief assessor and give him the facts and if the assessor or the head of the office realized that this was not obviously some prejudiced person or someone who was simply trying to make trouble but was a person who wanted to have something dealt with it could be handled from that office, he would consider the matter. Or a letter could be written to the minister, the deputy minister, the assistant deputy minister, the chief assessor or any of the officials and the matter could be investigated. I receive letters but not too frequently some of which are anonymous. I know in the case the hon. member refers to there would be no question of an anonymous letter. When I receive an anonymous letter every once in a while giving me alleged information with respect to tax evasion I simply send it over to the departmental office and an investigation is conducted. I am sure when a letter comes in from someone who signs his name and substantiates it and when it looks like a material case and not one involving $5 or $10 where the investigation costs would exceed the amount involved it is efficiently dealt with by the department.

Mr. Howard: I wonder what sort of corroborative evidence would be necessary? I have in mind a particular company to which I should like to refer later. What sort of evidence would be necessary? How would the individual, for instance, be able to determine whether the company was trying to escape the law when the information is in the hands of the Department of National Revenue and he does not have access to it? Would just a general supposition be accepted? Would that cause an investigation to be made of a particular company?

Mr. Nowlan: Yes. If information were in the files it would cause the officials to look closely at the files. There is no question but that if there were a substantial complaint made on matters which warranted an investigation an inquiry would be conducted.

The hon. member does not have to worry about not having facts to substantiate a complaint. He will find that the investigating officers of this department and the assessors will develop the facts if they are there. The only question is that of having the matter brought to the attention of the department.

Mr. Howard: Yes. I have no doubt from my personal experience that the officers of this department will leave no stone unturned. In fact, there is one way in which the minister himself could assist in a public relations job. If he could explain to the committee all the various ways that people use to attempt to dodge the payment of tax I am sure many people throughout the country would thank him very much and probably test them.

I have a particular case I should like to deal with in this fashion rather than by writing a formal letter to the minister. This question may have been brought to the attention of the departmental officials or the minister before. In dealing with it I feel it might be necessary to relate some of the past attitudes and policies of this company not as they are specifically related to the payment of taxes but as they are related to other fields and attempt to draw a parallel there.

I am making reference to the Canadian Gypsum Company in the province of Nova Scotia which, as the minister is probably well aware, is a wholly owned subsidiary of United States Gypsum. I have looked in the *Financial Post* survey of industrials for the last two or three years and have inquired from other sources as to whether or not there is an annual report or financial statement available from Canadian Gypsum Company to determine what their financial picture is. From the sources of information available to me I have learned of no reference to this company.

As the minister may also be well aware there has been a work stoppage in progress at this company's quarry for some ten months now. If the policies as evidenced by this company in its relationships with its employees over the past years is any indication, I am sure we can expect that company would attempt to use whatever methods it could to get out from under the responsibility of paying the necessary amount of income tax to the Canadian government.

I would point out that the work stoppage that is in effect at the moment revolves around the question of the acceptance by the company of the employees and of the union they have selected which, incidentally, is a nationally organized union and has no ties outside of Canada. The question which the company is now objecting to, which incidentally was recommended by a Nova Scotia industrial inquiry commission, is the question of union security. After this Canadian Gypsum Company installed its own company union and had signed a contract with it for a closed shop, which is the ultimate in union security, they adopted the attitude that they did not want to have anything whatsoever to do with union security.

We have also a trend on the part of this company, which attempted to dodge its responsibility of dealing with a recognized and certified union, to go so far as to use the legal technicality that the Nova Scotia quarry workers union, which is now affiliated with the Canadian Labour Congress, was formerly an affiliate of the Canadian congress of labour, in dealing with this particuliar union. I raise this question only to point out that on occasions companies have used whatever means they could to overcome their obligations, whether it be to workmen or to municipalities. Therefore, we can expect they will use other dodges or other technicalities to overcome their obligations to other sections of society. I merely make reference to this union to point out that there is—

The Chairman: Order. I regret to point out to the hon. member that he cannot, by establishing a parallel between various actions of companies in their relationships with various unions, say that because they are wrong in one particular field they are necessarily wrong in another field. At the present time we are discussing the items of the Department of National Revenue. I would ask the hon. member to keep as close to the item under discussion as possible.

Mr. Howard: I appreciate your allowing me to go so far afield, Mr. Chairman. I was wondering how far I could go. I realize that probably I was out of order in that instance but I do hope that the minister or his departmental officials will undertake an investigation of this particular Canadian Gypsum Company to determine whether or not it is paying the full amount of taxes that it should pay in accordance with the law. I do hope my remarks will be sufficient—I know the people in Nova Scotia have a great deal more information with respect to this company than I have—to get the wheels in motion. I realize that the minister cannot give a specific answer at the moment with respect to this company. He may not be able to give me a specific answer at any time with regard to a particular company or a particuliar individual. If he can, I would appreciate it very much. If he would communicate the findings with respect to this company to me I would appreciate it.

Mr. Nowlan: Obviously, I cannot discuss the affairs of an individual taxpayer at any time. It is not proper to do so and it would be contrary to the act, and one accepts that.

I do not want to be construed as accepting the proposition that every firm which have labour difficulties may also have differences with the Department of National Revenue. That does not follow at all. Very often the firms which may have, shall we say, difficulty in labour relations, in wages or in something of that kind, may also be most efficient in keeping up their records and may be very, very careful in dealing with the department. In any event, all matters, of course, are considered by the department, and particularly those affecting taxpayers. I can assure the hon. gentleman that the matters to which he has referred are matters which are always under the consideration of the department, and they will continue to receive the attention they deserve.

(Translation):

Mr. Rouleau: Mr. Chairman, I wish to make a few remarks on item 263, taxation division. I also wish to put forward a suggestion whose implementation would, I am sure, be of very great service to those taxpayers in the medium income bracket.

Before the last world war, Canadians crowded into large metropolitan centres where they expected to find work more easily.

During the war our industries developed at a very rapid rate. The population of our cities and towns increased. Then a change came over the living habits of town dwellers, who sought to quit large urban centres to establish homes in the suburbs, at distances which, at times, reached 15 or 20 miles from the cities.

It followed that those fellow citizens of ours who live on the outskirts of cities must travel considerable distances in the morning and the evening, at great expense.

If that expense is a small matter on a daily basis, the fact that it is a daily occurrence makes it very heavy to bear. People travel by bus, train or private car.

Let us take the case of a working man who lives approximately 20 miles away from his place of work and who uses a car as a means of transportation. This means that he has 40 miles to travel every day. It will be understood that, only for gas, he will have to spend at least $1.00 a day. If he works 50 six-day weeks, he will spend annually, on gas alone, $300. Add to this the wear and tear of the tires, minor repairs, insurance and depreciation. A very conservative estimate—and of course in my mind the word conservative is not that which is applied to the hon. gentlemen opposite—would put that expense at $600 or $700 per annum.

In my opinion it would be only fair if, for income tax purposes, the working man could deduct all his travelling expenses to and from his place of work, whatever his means of transportation.

In fact, the Income Tax Act should be amended so as to grant a tax exemption to every taxpayer for expenses incurred by the use of automobiles or other means of transportation in the performance of his work or for travelling to or from his place of work.

Workers, professionals, businessmen and manufacturers should benefit from such exemptions on the same basis as directors of large corporations.

Indeed, I am sure that directors of large corporations, in many cases, register their automobiles in the name of their company and the expenses involved are charged to the company, thus reducing profits and taxes at the same time. If a corporation director, whose annual income is substantial, is glad to be able to save a few hundred dollars on income tax, how much more the ordinary worker and, generally speaking, any Canadian who gets an average income, would appreciate an exemption for his travelling expenses by any means of transportation for the purposes of his work.

It would be mere justice to all Canadians, and I respectfully submit to the minister that he should take this suggestion under serious consideration.

While being fair to everyone, this would at the same time provide an additional means of checking the recession which we are now facing, since it would leave several millions of dollars in the hands of Canadians thereby increasing their purchasing power.

I therefore respectfully submit this suggestion to the minister in the hope that he and his colleague, the Minister of Finance (Mr. Fleming), will think it proper to consider it favourably. The same applies to their travelling expenses, airplane, train and ship tickets, and hotel accommodation, etc., which are all put on the company expense account.

I admit that, considering the profit of those corporations, the savings so achieved,—if I may use this expression,—are negligible, but to my mind, there is a principle involved.

If this principle is valid for the directors of large corporations, in all fairness, the government of Canada should grant similar advantages to all Canadians, without exception.

We frequently proclaim the principle that, in a democracy, all citizens are equal before the law, and, if all are equal with regard to sacrifice, I respectfully submit that they should also be equal in the sharing of benefits.

The exemption from which the director of a corporation may indirectly benefit with regard to his travelling expenses may, in many cases, represent only a few hundred dollars a year.

(Text):

For the benefit of the minister I should like to sum up my remarks in English. I submit to the minister that he should give consideration to the advisability of amending the Income Tax Act so as to provide tax exemption to persons for expenses incurred in the use of motor cars or other means of transportation in connection with their work.

Mr. Nowlan: I want to remind the hon. member that, as he well knows, matters respecting changes in the taxation law, as I pointed out this morning, come within the ambit of my colleague, the Minister of Finance, and that the Minister of National Revenue is not responsible for initiating changes in policy. It is true that discussions take place between us and there is a closeness of co-operation between the two departments because where policy stops and administration begins is sometimes a rather difficult line to draw. There is some merit in the suggestion that travelling expenses and other matters perhaps have to be considered in a different light from what they were a few years ago, but there will be no change in the taxation law at least during the balance of this session and this recommendation will be considered by the Minister of Finance and by myself and the officials before the new taxation law comes down at the next session of the house.

Mr. Rouleau: I am sure that the Minister of National Revenue is in a much better position than I am to convey the message to his colleague, the Minister of Finance.

Mr. Pickersgill: I thought that the Minister of National Revenue would suggest that the hon. member for Dollard should repeat his speech on the estimates of the Minister of Finance. I think that would be a very good idea.

Mr. Crestohl: In the opening remarks of the minister under this section I think he stated that over 5,000 prosecutions were launched against delinquent taxpayers or taxpayers who had failed to file returns. As a member of parliament I regard that statement as rather alarming and I think that parliament should give some consideration to the statement. I do not know the exact figure but it was over 5,000.

Mr. Nowlan: That is for failure to file.

Mr. Crestohl: For failure to file.

Mr. Nowlan: I will give my hon. friend the actual figures now. There were 5,000 plus prosecutions commenced but 2,200 were dropped. I suppose by "commenced" is meant the laying of the information. There were 2,200 dropped and 3,157 were actually taken to court.

Mr. Crestohl: Perhaps the situation is not quite as alarming as I thought at first. I feel that as members of parliament we should be concerned about the fact that 5,000 Canadians were summoned before the courts for being delinquent in making their returns. I do not know how that figure compares with past years.

Mr. Nowlan: I only have the figure for the immediately preceding year in front of me. In 1956-57 there were 6,100 prosecutions started and 3,126 were taken to court, or almost exactly the same number. Roughly 600 more were started the year before than last year.

Mr. Crestohl: I have had some experience with the department in dealing with these matters and I have found great anxiety on the part of the officials to do everything possible before a prosecution is instituted. I think the officials of the department should receive credit for that. They exhaust all possibilities, grant all the interviews that are necessary, receive all possible explanations and even grant terms for the payment of arrears of taxes. Nevertheless I feel that further study should be given to the matter not only because of the cost to the country of lodging 5,000 criminal complaints but also because of the great inconvenience and time lost. I suggest to the minister that some kind of study of the situation be instituted and perhaps we can reduce the numbers still further in the years to come.

Item agreed to.

Income tax appeal board—

265. Administration expenses, $107,130.

Mr. Herridge: I want to say a word about the income tax appeal board. I have written the minister on this matter with particular regard to one special case. I want to bring the minister's attention to the fact that sometimes the income tax appeal board only sits in the larger centres and there are persons living in more isolated places who want to make appeals and who, in my opinion, are

occasioned unnecessary expense and inconvenience. I urge that every consideration be given to persons living in the smaller centres who wish to lodge appeals and who have to go to considerable expense in order to go to Vancouver or some larger centre.

Mr. Nowlan: I think the hon. member will remember that some change was made in his constituency or at least in his province. I sent a letter to the acting chairman of the board and arrangements were made for an additional sitting at another place. Wherever that can be done conveniently and efficiently I am always willing to give it consideration and try to work it out although obviously it involves additional expense. Sometimes matters have gone too far in that arrangements have been made, staffs have been moved in and papers brought in with the result that it cannot be done, but it will be done wherever it is practical.

Mr. Herridge: I appreciate the minister's consideration but unfortunately when the board was supposed to go to Nelson the railroad was blown up, the cloud ceiling was too low for planes to fly and the bus did not get there in time for the case to be heard.

Item agreed to.

CANADIAN BROADCASTING CORPORATION

53. Grant towards the anticipated operating deficit of the radio and television services, $39,135,000.

Mr. Fisher: Is the minister going to make a statement?

Mr. Nowlan: No. I thought I had made enough statements about the C.B.C. during this session, particularly during the last two days, and that I might be forgiven for not making a preliminary statement at this time.

Mr. Fisher: The question I want to ask has to do with one I placed on the order paper some time ago with relation to radio relay stations. I happen to have more of them in my constituency than there are in any other place in Canada and we would like a few more. There are a number of communities of the necessary size to justify it. One of them is larger than some of those that now have such stations. It is very difficult to get a satisfactory statement from the C.B.C. with regard to when they are going to introduce them. I thought by asking a specific question I might be able to get a useful answer. In the estimates now before us is there an item for a radio relay station in the town of Manitouwadge?

Mr. Nowlan: I would rather deal with such questions when the officials are here but I am afraid I have to give the hon. member a negative answer to his question. Perhaps we could let it stand for a few minutes.

Mr. McIlraith: In view of the fact that we have already had two days' discussion—

Mr. Nowlan: And two nights.

Mr. McIlraith: —on radio and television broadcasting in Canada and in view of the minister's commitment that we will have a committee on the subject in the early stages of the next session of parliament, which it is beginning to look may not be too far distant, we can forgo general remarks.

There are some questions of a particular nature that we would like to ask, and perhaps the best way is to take the questions one by one. I wanted to ask the minister, first of all, about accommodation in Ottawa for the headquarters of the present Canadian Broadcasting Corporation. He will recall that some months ago there was a great deal of publicity in this city, including some photographs, of a proposed new building on a site on the Bowesville road. I wonder if the minister would tell us exactly what the situation is with respect to headquarters accommodation in Ottawa?

Mr. Nowlan: Has the hon. member other questions at the moment?

Mr. McIlraith: Well, we could take them one at a time.

Mr. Nowlan: The situation in connection with the headquarters building in Ottawa, Mr. Chairman, is that the moneys are included in the estimates for that building. Plans have been prepared, so I am told, and have been completed for the construction of that building. By plans I mean architect's plans and specifications. All that work has been done, and it is just a question of deciding when the building itself should be started. I think the feeling has been that in view of the other pressures on the C.B.C. there has not been too much attention given to that in the last month or two, and also with the employment situation, that it might be well to defer until later this fall the actual commencement of the construction of the building. I cannot commit the corporation definitely to that, but it is my expectation that the work of construction will be started within the next few weeks.

Mr. McIlraith: Has a site been chosen as yet, and if so what is the site?

Mr. Nowlan: Riverside drive; I think there is a big sign there saying that this is going to be the location.

Mr. McIlraith: There has been a good deal of controversy and a great deal of conjecture

about it, so I think it is perhaps well to clear it up in an authoritative way.

The other point is this: Will supervision of the building be under the public works department or will it be under the control of the corporation itself?

Mr. Nowlan: The corporation has had architects retained and plans prepared. It has been the policy of the corporation in the past to superintend its own buildings, and I would expect that practice would be followed in this case.

Mr. Pearson: I should like to ask the minister about implementing some of the recommendations of the Fowler commission in regard to centralizing T.V. and radio broadcasting facilities in Toronto. I understand that there are now a dozen or so separate buildings and installations in Toronto, and that in the interests both of economy and efficiency it would be better to have them centralized in one building. I should like to ask the minister whether there has been any progress in regard to that matter and, specifically, whether the government has taken an option on a property in Don Mills, and whether that option has lapsed? What is the present position in regard to this matter?

Mr. Nowlan: It was expected that the corporation would be buying land at or near Toronto this year and provision has been made to that end in the capital budget. Investigations have been going on with respect to various properties in and near Toronto, and in view of the operating position of the corporation with the large number of properties we are leasing, something over 20, and with the very high annual rental, I would hope that the investigations would be completed and that the property could be acquired in the very near future. Then we could proceed with the construction of a central property. At any rate, we think we have sufficient money available this year in our capital budget to buy the land, if such land is available.

Mr. Pearson: I had a specific point, and I asked whether the option which was taken on a particular property at Don Mills was taken with the approval of the government, and if so whether it has been taken up or whether it has been allowed to lapse? If so, what was the cost of the option?

Mr. Nowlan: Does the hon. member mean the capital cost of the land which was included in the option or the cost of getting the option?

Mr. Pearson: If I could get the information on both, I should like it. How much would this land have been on which the option was taken out? What was the cost of allowing the option to lapse if it, in fact, did lapse?

Mr. Nowlan: There was more than one parcel of land included in this property to which my hon. friend referred as the Don Mills property. There was a definite option taken on two properties, one owned by the Don Mills Development Limited or corporation, and the other by Famous Players Corporation. Roughly, the properties were about the same area, I think both slightly over 15 acres each, making around 31 acres in all. I have not the figures in front of me concerning the division of the option price between the two, but I can get that information if the hon. gentleman requires it. The total option, I think, although I am not certain, was $710,000 for the two properties, and the division between the two was roughly the same.

Mr. Pearson: Has that option been allowed to lapse?

Mr. Nowlan: That option has lapsed.

Mr. Pearson: Can the minister explain to the committee why that was done, when an option was taken? Is it true that the government had decided this was a reasonable proposition and had made a decision to take up the option and build on the property?

Mr. Nowlan: The government had taken no decision whatever, as I recall it. There was a submission and recommendation made to the minister to authorize the payment of the money to these two firms. This matter got as far as treasury board, I think, and then from there, because of the amount involved and because of the varying appraisals, I asked for additional appraisals. We had one appraisal, and frankly I was not satisfied. We got other appraisals and they varied substantially in amounts, some being over the option price and some being under the option price, and in view of the amount involved and the fact we were not going to preceed with construction just now, the option was allowed to lapse. An investigation is being carried on with respect to any possible alternative sites in the general area of Toronto.

Mr. Herridge: The minister is well aware of the fact, owing to his near residence to me in this house over a period of some 11 years, that I have repeatedly urged the necessity of some low power relay stations to serve the requirements of some 3,000 people in the northern part of my constituency who, up to date, have been denied adequate radio facilities. I will say since the minister took office his department has secured estimates of the cost of providing low power relay

stations at points on the Arrow lakes near Nakusp, places on the Slocan lakes and Balfour. Can the minister inform the house if provision has been made in these estimates for the building of these low power relay stations?

Mr. Nowlan: There is no specific amount allocated in the estimates this year for the relay radio stations to which the hon. member refers. The C.B.C. is giving consideration, of course, to the extension of this service. In various parts of the country, as many hon. members know, there is constant pressure on the corporation to build these stations, to increase their number. It would depend upon the other expenditures which the corporation feel must be made this year under their budget as to how far they can continue to expand these relay stations. However, it is a matter which technically has developed a great deal during the last few years, and is one in which the corporation plans on extending service within the relatively immediate future.

Mr. Forgie: May I ask the minister whether he has made any decision with regard to a satellite station in the Ottawa valley about which I spoke to him yesterday? He said that he might answer today.

Mr. Nowlan: Is that with regard to the Pembroke station?

Mr. Forgie: Yes.

Mr. Nowlan: I should like to be able to tell everyone that all these stations are going to be built this year or at least not later than next year. However, I am not in a position to do that. With regard to that particular station which he has mentioned, I can assure the hon. member that the challenge there, shall I say, or the problem there is receiving careful consideration by the corporation. They have made a fairly intensive study of it and there is more work to be done. I hope that in the not very distant future the hon. member will be able to see the evidence of that work which is now being done.

Mr. Badanai: I should like to ask the minister whether he has any statement to make in connection with the standards of television programs originating in the studios of the Canadian Broadcasting Corporation. The other day I intimated that some programs were not satisfactory to and did not meet with the approval of some of my constituents. I attempted to read an editorial which had a particular program in mind and I was prevented from doing so because apparently I was out of order. Will the minister now permit me to read the editorial? If there is no objection I wish to read the editorial in full. This editorial appeared in the Fort William *Times Journal* and reads as follows:

> Last week the World President of Rotary visited Fort William. He is an American from Milwaukee, an idealist who heads an international organization devoted to the cause of building goodwill between peoples of all nations. Warmly received here, the distinguished gentleman radiated friendship.
>
> At the same time he was being welcomed in the city, laborers in the vineyard of the Canadian Broadcasting Corporation at Toronto were putting the finishing touches on a production which was waved into the living rooms of Canadians from coast to coast on Saturday evening.
>
> In the name of comedy Duffy and his supporting actors staged a scene in which a cigar-smoking, "smart" American from Milwaukee browbeats an innocent Canadian. The latter comes out of a supermarket, arms loaded with parcels, to discover that the Milwaukee man has crashed into his parked car. The American, abetted by a brassy wife, is shown bribing a witness, feeding the poor Canadian shopper with whiskey from a flask before the police arrive and generally making comments that would make the average American shudder.
>
> Behind the direction of C.B.C. productions there seems to lie an inordinate dislike of the United States and Americans. Saturday night's exhibition was no isolated example. Digs at our neighbours have been sprinkled liberally through the programs of the last year.
>
> It is one thing for the Canadian government to take issue with the government of the United States on a specific problem, or for Canadian spokesmen outside the ranks of government to speak their piece. It is quite something else for a government-sponsored agency such as the Canadian Broadcasting Corporation to stir up antipathy against a host of American citizens who do not deserve any kind of a spanking from tin-pot, irresponsible "artists".

That is the substance of the whole thing on which I attempted to make a statement the other day. I wonder whether the minister has in mind something of a regulatory nature that will prevent such productions from being viewed by the people of Canada. That is something that we should like to know. Our people are very much interested in what comes out of the television sets in their own living rooms. Television can be a wonderful thing for the promotion of goodwill, education and entertainment. It can also be something else. It can be a definite detriment if it is not handled and controlled properly. I should like to know what action, if any, the government intends to take.

Mr. Nowlan: It is rather hard to answer specifically a question like that. Certainly the government is proposing to take no action whatsoever with respect to it. What action the board of broadcast governors will take on matters of regulation is something we shall leave for them to determine. It is a matter for experience and judgment.

It is perhaps an unfortunate matter that this little skit happened to take place when prominent American people were in town. I can quite understand that the hon. gentleman is somewhat exercised about it. But

after he raised the question the other day, or tried to do so, I checked on the matter. This program was on a national network, and I thought that if this thing was so bad we should see just what the audience reaction was. It must be remembered also that there would probably be more Americans than Canadians or at least just as many Americans as Canadians listening to the national television network. Naturally one would assume that there would have been many injured feelings.

We have checked in all the offices where our national television stations are located. In Halifax there was no reaction; not one came in. In Toronto we had three telephone calls, two saying it was wonderful and one saying that it stank. In Winnipeg we had no audience reaction. In Vancouver none whatsoever. In Montreal, none. That was the reaction across Canada. We had three telephone calls and one letter; and as I said, two were saying it was wonderful and two were critical of it. When you have a situation such as that, reaction can be critical but I do not think that by regulation of any kind you could control or define a situation where a show did not evoke any more reaction than that, I do not think it would be one that could be dealt with even if a board wanted to. I do not think this is an area in which boards can deal in any event.

Mr. Pearson: On this point, Mr. Chairman, I suggest there is no accounting for tastes and that there never will be agreement on matters of taste. It is true, of course, that television programs not only have an important effect on public opinion within the country but they can be an important factor in relations between countries. We all appreciate that importance. I am one of those who get a great deal of pleasure out of the C.B.C. television programs. I also get much pleasure out of some of the programs we bring in from the United States. We discussed this matter at some length yesterday, namely the Canadian content of programs and the importance of that kind of thing. Since that discussion took place I have had the pleasure of reading an article by the Minister of Trade and Commerce dated July 6 for the Boston Sunday *Herald*. As it bears on this point perhaps I might quote just two sentences from this article by my hon. friend's colleague. Regarding our relations with the United States he says this:

> We have drawn closer together in cultural matters, with Canadians sharing many of the tastes and interests of their American friends.
>
> Canadians are reading more American magazines and seeing more American films and television programs than ever before.

[Mr. Nowlan.]

And then he goes on:

> The Canadian government's policy has been directed towards giving Americans the same opportunities in Canada as are given to Canadians.

I hope my hon. friend is not going to apply that particular principle to television.

Mr. Nowlan: I am afraid I did not catch that remark.

Mr. Pearson: In so far as the Minister of Trade and Commerce is concerned, he said that the Canadian government's policy has been directed towards giving Americans the same opportunities in Canada as are given to Canadians and that was said within the context of television programs, films and magazines. I express the hope that it will not be applied to television in Canada.

Mr. Nowlan: It will not.

Mr. Cardin: I am reliably informed that shortly before March 31 the hon. Minister of Transport—and he is in the house and is able to confirm whether my information is correct—promised to provide immediate television service at Flin Flon, Manitoba. I am just wondering whether the minister can tell the committee whether this service has been provided or whether it is the intention of the department to provide it in the relatively near future.

Mr. Nowlan: No, this television service has not been rendered, Mr. Chairman, and with all due respect to the hon. gentleman I do not think the Minister of Transport promised that it would be. I happen to know something about this matter, not from the Minister of Transport but because this problem has again arisen in the last few weeks. There were promoters from the United States who—

Mr. Pickersgill: Surely the Minister of Transport is not going to leave the committee when we are discussing what he said.

Mr. Nowlan: —were telecasters using a substitute for microwave on the telephone lines and who wished to do this in Manitoba, as I recall it. They wanted a chance to prove whether this system could be substituted for the microwave and asked to be allowed to develop the system in Manitoba. I have seen the correspondence in this matter and the Minister of Transport at that time told them that if this could be developed it would be a very cheap way to establish television in Flin Flon and in many other areas. They were asked to go ahead by the government of Manitoba and they went ahead and just before the election, as some hon. members here may know, the government of Manitoba entered into an arrangement with them for that very purpose,

but I am told that when they attempted to carry out this proposal it did not work out satisfactorily at all. I believe, however, that the former government of Manitoba was intending to carry on experimental work in that direction. Whether or not the present government so intends I do not know but I believe that is the matter to which my hon. friend refers.

Mr. Fisher: I want to ask the minister, in connection with the programming of the C.B.C., what plans have been made with respect to the program "The Nation's Business" and whether the introduction of two C.B.C. correspondents into the gallery of this house is a preliminary to the establishment by the C.B.C. of its own television correspondents in Ottawa rather than handling the matter, as at the present time, by farming the work out to various members of the press?

Mr. Simpson: I had thought that possibly when we were discussing item 54 I would like to bring certain matters to the attention of the committee and of course of the minister responsible for the providing of funds to the C.B.C. from this parliament. I now wish to raise a situation which is becoming of increasing concern to the people whom I represent in the constituency of Churchill.

The hon. member who has just sat down mentioned the situation at Flin Flon. I do not now intend to launch into a throne speech, because I know I would be called out of order if I did so at this stage of the session. However, there are certain aspects I must mention about my constituency in order to bring out my point. My constituency comprises roughly 180,000 square miles, taking up almost three-fifths of the province of Manitoba. The matter which is of greatest concern to my people with respect to television is that at the present time there is not one single square mile of that area which is serviced by C.B.C. television. There are many other matters which are of interest and which have been discussed with C.B.C. officials, but when representations have been made to the C.B.C. respecting the possibility of servicing this area, we have often been told that we are too far removed from existing C.B.C. network facilities. This is not quite so, because the more largely populated areas of my riding, particularly those of Swan River, Flin Flon and The Pas, are not so very distant from existing facilities. When one speaks of the far north it is a different proposition altogether, but in regard to Swan River, for instance, which is a large agricultural area, it is only a matter of possibly 175 air miles from Winnipeg and less from Brandon. Extensions to the populated areas of Flin Flon and The Pas would probably necessitate covering some 375 miles, so it will be seen that it is not right for the C.B.C. to continually say that Churchill is too far removed from present facilities. The people of the area believe, and I think justly so, that as they are being taxed in the same way as anyone else in Canada, therefore they should share in the benefits provided by such facilities as the C.B.C.

As a result of recent correspondence and discussions, the C.B.C. informs me that until the present time no private applications have been received for television station licences in the area. Undoubtedly that is correct, but I do know of one or two private concerns who are interested in going into this area but before setting up stations they would like some idea as to just when the C.B.C. network would be available to them. The area in which I live, namely, Flin Flon, as well as other Manitoba areas, are to a large extent sports minded and, as in the case of the rest of Canada, are interested in seeing such live network programs televised by the C.B.C. as the world series, the Grey cup, the Saturday night hockey games and so on. They would also like to receive the national news service.

Some of these station operators feel that if they were to go in on a private licence and to operate with kine recordings this might just serve as a deterrent to the C.B.C. ever coming in and giving them a network.

These are the problems facing people interested in applying for private station licences, and I would like to suggest to the C.B.C. that the mere fact in itself that we have an area from which we have as yet not received applications for television licences, is a direct challenge to the C.B.C. to give serious consideration to servicing such areas in order that it may become a truly national body. In areas already serviced by private stations there is not the same degree of need but in areas where there are no private stations and where no applications have been forthcoming I believe there is a direct obligation on the C.B.C. to give this question full consideration.

Mr. Fisher: Mr. Chairman, would the minister answer my questions at this time?

Mr. Nowlan: Would the hon. member repeat his questions? I believe he was asking a question about a specific station.

Mr. Fisher: I asked about the situation with respect to "The Nation's Business". I also asked if the C.B.C. has any plans to instal a permanent C.B.C. correspondent who will appear somewhat in the way Stanley Burke does at the United Nations. The other question related to the prospect of installing

low power relay stations at Manitouwadge and Armstrong. In both cases I made representations. In one case I sent a lengthy petition to the chairman of the C.B.C.

Mr. Nowlan: At the moment there is no thought of arranging for a correspondent here. I think that is a matter to which consideration will be given but there is no immediate decision forthcoming on it.

As far as "The Nation's Business" is concerned plans have been finalized to start that next month, I believe, or at least in the immediate future. It will come into being again in the fall and winter months.

The hon. gentleman can rest assured that the problem to which he referred is well along in the planning stage. I would not want to suggest he could expect developments there this year in the construction line at any rate but I would be hopeful that in another year real progress could be made in helping to solve the problem which I know is a difficult one. The C.B.C. is faced with a tremendous problem. It has moneys which though large in total amount are small when one thinks of the number of requests that come to it from all over Canada for the construction of power relays, new stations and things of that kind. It has had to try to deal with the problem on the basis of the funds available, on the basis of need and on the basis of the investigations of the officials of the Department of Transport and the C.B.C. I can assure the hon. member that the problem of the area to which he refers is receiving careful and detailed study at the moment and I believe he will be reasonably well satisfied with the progress that will be made there in the not too distant future.

Mr. Fisher: Thank you, very much. One of the recommendations of the Fowler commission which the minister mentioned in the house was that the dominion network be allowed to lapse. I wonder if that is the intention? I hope it is not. If the two networks continue I wonder if it would be possible for the C.B.C. to give a fairly hard figure as to what it would cost to annually pipe through dominion programs to small communities now receiving trans-Canada programs so they would have both. In other words they would be provided with a choice of program.

Mr. Nowlan: I am advised the cost would be very high indeed. I can also tell the hon. member that no immediate consideration is being given to the question. That is not just an euphemistic term. No consideration is being given at the moment nor will any be given in the immediate future to the abandonment of the dominion network. Certainly no decision will be taken on that at least until after the new directors of the C.B.C. have been appointed and have had an opportunity of surveying the whole situation and obtaining the advice of their technicians and also, I presume, the board of broadcast governors. If any decision of that nature were contemplated it will be a long while in the future and certainly the house would have ample notice of it before it materialized.

The hon. member for Churchill raised the question of television service in his constituency and also referred to the inadequacy of the radio service which they are presently enjoying. He has pressed me on this matter on various occasions and I have had to give him the same answer I have had to give other hon. members of the committee to the effect that this is a matter within the control of the C.B.C. and within the limits of its funds the C.B.C. is attempting to achieve the best possible distribution.

I am pleased to tell the hon. member that in so far as radio is concerned at any rate immediate developments are taking place with respect to the northern service. We are very hopeful that the radio need will be met in the immediate future. Progress has been made, it is past the planning stage and work is being done. I hope and expect that the hon. member will be reasonably well satisfied with what transpires so far as radio is concerned.

But television is another proposition. It is easy to say that all Canadians should be treated equally and we sympathize and agree with that view but distance certainly makes a vast difference in cost. The cost of extending a microwave system to that area would be prohibitive at the moment and to do it in other ways would also be an expensive proposition. Probably the reason why no private television station has been established there is because it would require an undertaking from the C.B.C. to extend its program service and at the moment the C.B.C. is not financially in a position to deal with the problem. However, we have solved the radio problem, I think. Next winter, after the board has been appointed and the C.B.C. has been reconstituted, I am sure whoever happens to be the minister responsible for the C.B.C. at that time will have pressure brought to bear on him again by the hon. member for Churchill to do something for his area which is badly in need of television service as every one realizes.

I wish to be perfectly frank with the hon. member and tell him there are no immediate plans. I would almost go further and say there is no immediate hope of solving the television problem at this time in that area.

Mr. Rouleau: Mr. Chairman, there has been much talk recently about the construction of a new building in Montreal which will house all the services of the C.B.C. in that city and also as to the site of that new building. I wonder if the minister is in a position to tell the committee if he is contemplating the construction of such a building and, if so, if an agreement has been reached as to the site of that building?

Mr. Nowlan: Mr. Chairman, the minister has a very voluminous mail at all times and one of the matters which has added to the volume has been the number of people in and around Montreal who have written the minister advising him that they have the only available land for the C.B.C. and that it is an excellent buy and should be bought at once. But seriously, there has been no agreement entered into with respect to the purchase of land though, as I have said, many sites have been offered. The C.B.C. has investigated and will continue to investigate any lands offered for sale but no decision has been made. The need is known to the C.B.C., to me and to the government and there is included in these capital estimates, we hope, sufficient moneys with which to purchase the land during the coming year if the committee sees fit to pass these estimates and if the C.B.C. is satisfied as to the availability and price of the land.

Mr. Rouleau: I should like to tell the minister there is still much land available in the constituency of Dollard not too far from the national film board and we would welcome such a building.

Mr. Fisher: I hate to come back to the question of low power relay stations but I feel I must. I think we have nine in my constituency and we hope to make it eleven. The cost figure given by the C.B.C. for these low power relay transmitters ranged between $800 and $1,300. The installation costs range between $3,500 and $6,500. I have talked with telegraph men in several communities involved and they say all that is necessary to allow them to broadcast is a simple turn of the switch. I am prepared to accept the explanation.

Let us get to this other request that I have had from the nine communities involved. They want to know why they cannot have the dominion network programs rather than the trans-Canada programs. It is a matter of opinion, but generally the dominion network programs are lighter and more popular with the people. Several times the man in charge of the relay has thrown the switch and sent out the dominion network programs. He has been checked up for it later. Those switches have won a great deal of popular support in the community.

One of the other points I would like to bring up is in connection with the low-power relay stations. I have had requests from two communities which would like to know whether they can use the low-power relay transmitter to make local announcements when the station is not broadcasting or at the end of its schedule or before the schedule begins. They would like to know whether they can make public announcements in relation to things going on in the community; they wondered whether some sort of regulations could be worked out that would allow this and perhaps they could even pay for the time.

Mr. Nowlan: Perhaps I have to revise my statement about giving consideration to putting another station in there in the immediate future. The hon. member tells me he has nine in his constituency, which I think is more than any other member in the house has. Perhaps he has too many now. We may have to give consideration to changing some and putting them in other places.

As far as changing from the trans-Canada to the dominion is concerned, I am told by the corporation officials that this is impossible. We have a national network. The trans-Canada facilities are there. To make a change such as the hon. member suggests would involve an expenditure of money such as—well, we would have to sell those nine low-power stations he has there to find money to pay for it, and I am sure he would not want that.

It is true the cost of installing those low-power stations is not great. I was bothered about that. I understand the cost of installing is, as he said, from $800 to several thousand dollars. I would say that what he and some of his friends have overlooked is that it is no good to instal them unless you get the programs. When we get programs that are under contract with the communications system we have to pay so much a mile for the programs, and the farther away the relay station is the more the corporation has to pay, and that is where the cost comes in. It is not the installing of the low-power relay but the operation of it afterwards, under the contract that we have with the communications system which is carrying the program at the time. If it is, say, 10 miles away, that is one thing. If it is 50 miles or 100 miles away, the cost goes up proportionately, and the cost is given in the contract for each one of those low-power relays. You cannot say you can carry it in this way, and so on. That

is the cost of the operation and that is why it is more difficult. The more we have to instal the more costly it is.

Mr. McGrath: In view of the fact that the province of Newfoundland is not included in the microwave network—I understand it is the only province in Canada not included in the network—will the minister tell the committee at this time when this handicap of our province will be overcome and when the microwave network will be put through to Newfoundland? In St. John's we have one of the finest independent television stations in Canada. However, it is operating under a handicap in so far as it is not connected with the national network because the microwave does not reach Newfoundland.

One other question; perhaps the minister can advise the house as to the capital expenditure the corporation has planned for the province of Newfoundland in the ensuing year?

Mr. Nowlan: Mr. Chairman, I can tell the hon. member for St. John's East, as he knows, that the television microwave expenditure is being proceeded with. Unfortunately there have been delays in the acquisition of material. I had thought that the whole thing would be completed within the next few months but there have been substantial delays owing to material shortages. As a result, I do not think he can expect to see the completion of that microwave system until sometime early next summer. It may be that late. It certainly will not be, as I expected it would be, early in the winter, but it is going ahead. All the troubles are now settled and the material is ordered, and he can confidently look forward to the microwave sometime during the next summer months, and I hope early in the summer.

In so far as the capital budget is concerned, we have the cost of the microwave station and I think that is all that is really included in the capital budget. It depends, of course, on many things. The general budget for the country as a whole is not earmarked, and it will depend on expenditures in different places and how much money is available as to what is done.

Mr. Batten: Mr. Chairman, once again I would like to bring to the attention of the minister a problem concerning a radio station that exists in my riding. I am referring to the C.B.C. station known as CBY, which operates on 790 kilocycles in the city of Corner Brook in the province of Newfoundland. This radio station, now operated by C.B.C., was formerly operated on the west coast of Newfoundland long before Newfoundland came into confederation, and its programs, both local and otherwise, were broadcast all along the west coast of Newfoundland. In an area where communications leave a lot to be desired, radio services become much more important under such circumstances. The result is that this radio station has become very important to the people on the west coast of Newfoundland in so far as local news bulletins, news about fishing boats up and down the coast, and so forth, are concerned.

This section of the coast is about 300 miles long. The station is situated approximately 100 miles from the southern end and 200 miles from the northern end. Over the years this station has given very fine service to the area. Of late, however, in the southern part and in the northern part interference from station CKEC at Newcastle, New Brunswick has been experienced. The trouble appears to be that the station at Newcastle is on exactly the same frequency as the station at Corner Brook.

I must make myself clear to the minister. I am not making any complaints about the station at Newcastle and I wish to say right now that as far as I know the interference to which I am referring does not exist within the protected area of CKEC at Newcastle and neither, I think, does it appear within the protected area of CBY. The northern part of the west coast of Newfoundland and the southern part are both outside the protected area but at the same time they are areas that have been served for a number of years by this station at Corner Brook. This interference from CKEC is such that the local station at Corner Brook cannot be heard.

As I said before, over the years this station has given a very fine contribution. It is operated by a very efficient manager, supported by a very capable staff. I say that because of the fact they have been able to play a great part in the local programs in the area and today the people look to it a good deal. When I think of the people in the northern part of the northern peninsula and in the southern part where they are no longer able to get the programs that are broadcast from the station I begin to wonder just what can be done about it. I think the frequency which has been allocated to CKEC is quite within the legal authority of the international code for assigning frequencies, and I have no doubt that from a legal point of view those two stations are quite within their rights. I believe, too, that from an engineering point of view those two stations are perfectly all right.

I agree that the thing may be right legally and I agree that it may be right mechanically but there is something wrong if the people of an area have been able to enjoy these programs from the station over a long period of

years and now can no longer do so. What can be done about it, of course, is a matter for an engineer. It may be a question of increasing the power or of changing the frequency. It may be a problem of changing the antennae or ground patterns. Whatever the problem is, I suggest to the minister that he would be doing a service to these people in the northern part of Newfoundland if something could be done to solve it. I might also ask the minister to give any information he can when he is replying about what is happening in the city of Corner Brook as far as television coverage is concerned.

Mr. Nowlan: With respect to the frequency problem to which the hon. member has referred, it is a most unfortunate circumstance that an area which enjoyed radio reception for many years has now apparently had its reception severely prejudiced or has practically lost it entirely due to the allocation of a wavelength somewhere else. Of course, that has happened in other places. As the hon. member says, there is no question about the legality of it. These frequencies were allocated by the Department of Transport in accordance with the international agreement. As the hon. member knows, something happened and although, as he says, the areas directly concerned are clear, you have these other areas which have enjoyed radio reception for years and are now being severely interfered with. The departmental officials tell me that they have been attempting to cope with the situation. Studies have been going on and investigations are being made. Frankly, no solution has yet been reached but I can assure the hon. member that I will urge the C.B.C. to pursue the matter and I am sure they will take every step possible to attain a solution of this nasty and difficult problem with which he is confronted.

So far as the question of television in Corner Brook is concerned, I am not sure what the exact status is at the moment. It is expected, I am told, that there will be sufficient moneys in the capital vote this year to provide for that area.

Mr. Herridge: On June 25 the minister announced in the house proposals for surveys of the possibilities of the establishment of six satellite television stations in Canada, including one in Trail. Can the minister inform the house how far the surveys have proceeded with respect to the establishment of the one in Trail?

Mr. Regnier: Mr. Chairman, I know that last June the minister announced that there would be a French language satellite station in Winnipeg to serve the French population in the west. Will the change in the set-up and the creation of a new board delay the project? I know that the people of Manitoba and particularly of my riding of St. Boniface are much interested in a French station in Manitoba. I believe that there are now about two hours a week in French on the Winnipeg station and although many English speaking people enjoy French programs there are always a few who prefer to have all the programs in English. If there were a French station they would not be deprived of all English programs by the two hours in French on the local station. I also understand that many of the students taking French at the university would be interested in listening to French programs over a French station. I would appreciate it very much if the minister would assure the people of Manitoba that this project will not be delayed because of the new board being set up.

Mr. Nowlan: I can give the assurance that it is not going to be delayed because of the proposed changes in the broadcasting bill we passed yesterday. The situation with respect to Trail and the situation with respect to St. Boniface are practically identical. Surveys are being made and are virtually completed. Engineering designs are going ahead for the locations and in both cases work will be started this year. It will not be completed this year but I am quite sure it will be fairly early next year. Some time next year in any event the stations at Trail and St. Boniface will be completed and in operation.

The Deputy Chairman: Shall vote 56 carry?

Mr. Pickersgill: Before the item carries, Mr. Chairman, I cannot refrain from pointing out that the debate this afternoon, and I am not seeking to criticize anyone on either side of the house for it, is the best possible illustration of the unwisdom of the decision made yesterday. We have listened all afternoon to members getting up and urging the government to do something about a system that we thought and still think should be independent of the government. This business of having annual appropriations, which is what we are talking about now, for the C.B.C. instead of having the C.B.C. discussed in a committee in the way the C.N.R. is discussed is, it seems to me, a very retrograde step indeed.

Mr. Nowlan: I do not want to get into another altercation with the hon. gentleman. I know that at one time he was busy running a department and probably like other cabinet ministers then and cabinet ministers today did not spend as much time in the house as he does now as a private member. However, I sat in the house for 10 years as a private member and the practice that has been going on this afternoon has gone on every time the C.B.C. vote has come up in the past

10 years. There is no difference whatsoever. Members of the house who had requests to make made them and the situation has not changed. Of course, any reference to the debate on the bill passed yesterday is completely out of order.

Mr. Pickersgill: I might point out—

Mr. Nowlan: I knew you would.

Mr. Pickersgill: —that there have not been annual appropriations except for the last two or three years so that the minister's statement about the last 10 years is not correct.

Mr. Nowlan: It does not make any difference. Requests were made just the same.

Mr. Pickersgill: There used to be debates on setting up radio committees when hon. members expressed their views about what they would like the C.B.C. to do and that is as it should be, but this business of having to appeal to the government is what we find objectionable.

Mr. Fisher: Mr. Chairman, I simply wish to say that I do not want to have us identified with the views expressed by the very partisan member for Bonavista-Twillingate.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Department of National Revenue.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

65. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation and other assistance for immigrants and settlers, including care en route and while awaiting employment; and to provide further for payments to the provinces pursuant to agreements entered into, with the approval of the governor in council, in respect of expenses incurred by the provinces for indigent immigrants, $8,180,000.

Mrs. Fairclough: Mr. Chairman, when we were last in committee on these estimates we were considering vote No. 65 and I did not have the opportunity on that occasion to make some reference to this vote and to the size of it. Since the estimates were prepared some time last autumn there have been changes in circumstances which make it possible now to reduce the amount of this vote. Accordingly, I would ask my colleague, the Minister of National Revenue, to move this reduction. I should like to have the amount of the vote reduced by $500,000.

Mr. Nowlan: I move:

That vote 65, immigration branch, to provide subject to the approval of treasury board, for trans-oceanic and inland transportation and other assistance for immigrants and settlers, including care en route and while awaiting employment, etc., be reduced by $500,000.

[Mr. Nowlan.]

Mr. Pickersgill: I wonder if the hon. lady would explain to us how she came to make this shockingly bad estimate?

Mrs. Fairclough: At the time that the estimates were drawn up we had expected we would have a great many more people on subsistence than now appears to be the case. We have been able to procure employment for so many refugees and others who were formerly on assistance that it is now possible to make this reduction in the estimates.

Mr. Pickersgill: That is a very encouraging statement indeed, by the hon. lady. The other day I meant to ask, but I did not think of it, how many people are on subsistence at the present time? I shall put two or three related questions because it will be easier to answer them that way. How many persons are receiving subsistence? How many of those persons are seeking employment? How much has been spent in total on subsistence by the department so far in the present fiscal year or, if the hon. lady has not an up-to-date figure for the calendar year, whatever would be a convenient recent date?

The Deputy Chairman: Would the committee be prepared to accept the amendment at this stage?

Mr. Pickersgill: Agreed.

Amendment agreed to.

Mrs. Fairclough: As of August 15, Mr. Chairman, the total number of immigrants receiving subsistence was 1,033; the total number of workers yet unplaced or the total number seeking work was 323.

Mr. Pickersgill: That includes Hungarians?

Mrs. Fairclough: Yes; as a matter of fact, of that number 98 are Hungarians and 225 are others. The amount to the end of July, for which the hon. member asked, is $2,140,713.97.

Mr. Pickersgill: From what date?

Mrs. Fairclough: For the fiscal year.

Mr. Pickersgill: Since April 1?

Mrs. Fairclough: Oh yes.

Mr. Pickersgill: I must say that I think what the minister has just told us is quite a tribute to the efficiency of the staff who look after these matters in the immigration branch. I am sure the hon. lady would today agree with me in that.

The other question I wanted to ask concerns the assisted passage loans. I would be interested to know whether or not assisted passage loans are still being made, to what classes of persons they are being made at the present time, and also what the latest balance sheet shows on the assisted passage fund?

Mrs. Fairclough: The total number admitted in the first six months of the calendar year, to the end of June, was 4,962. On their behalf there was paid $1,329,874. In the same period, we received repayment or there were collections amounting to $1,797,665. The hon. gentleman asked about the condition of the fund, I think, and also the classes of persons.

Mr. Pickersgill: Yes, that is right. Perhaps I could make it a little more precise. I should like to know the total amount of loans since this scheme was started, the total amount repaid and the total amount outstanding as of the latest convenient date?

Mrs. Fairclough: Assistance has been given to 107,092 since February 1, 1951, and the total amount paid amounted to $17,181,040. Collections have amounted to $10,963,616. A rapid calculation would indicate that there is something over $6 million outstanding.

Mr. Pickersgill: No, I will not ask the hon. lady to do the subtraction. Can she give the categories of persons receiving the loans?

Mrs. Fairclough: Roughly speaking, Mr. Chairman, there are those who are coming to take occupations and those who are in need of assistance, not sponsored by relatives, but those who are coming here to take employment and who have indicated that they are unable to pay their own passage.

Mr. Pickersgill: I am not going to detain the committee, but I have tried several devices to find out from the hon. lady what categories of persons are admitted to take employment in this country. She tabled a very complicated chart which I never quite understood when I was minister, and I frankly confess I do not understand now. Perhaps some day she would have some one of the officials in her department translate it into either English or French as a list of occupations, in any kind of order at all, but in plain, ordinary words that we could understand, and lay it on the table. I shall not detain her now.

Mrs. Fairclough: In the same spirit of good will, may I say that I agree it is a complicated document. On the other hand, as the hon. member knows, an occupation in which there may be no vacancies in one part of the country may show unfilled vacancies in another part of the country, and when you try to signify by area and also by occupation precisely what classes are open, it does become complicated.

Mr. Pickersgill: I will let the hon. lady off if she will just give a list of all the occupations to which immigrants are admitted in any part of the country?

Mrs. Fairclough: Does the hon. member mean right now?

Mr. Pickersgill: Oh, no, by no means, but before the end of the session.

Mrs. Fairclough: All right, I will.

Mr. Crestohl: Could the minister tell the committee, of those immigrants who are receiving assistance, how many were admitted to Canada without jobs waiting or guaranteed for them?

Mrs. Fairclough: I do not believe we would have that information without tracing down every single one of these persons and finding out what the circumstances were under which they entered the country. It is conceivable that a person would come in to take employment, and then within the first year have that employment disappear. He might come in as a person destined for a specific job, and still receive subsistence later on.

Mr. Crestohl: Could the minister tell us whether there is any priority or any special consideration given to immigrants who apply to enter Canada and who have a job guaranteed to them on arrival?

Mrs. Fairclough: I doubt whether we can guarantee jobs, or whether we can indicate to immigrants the possibility of securing employment in certain places or at certain times. The possible exception might be if one comes out to take a job on a specific farm or in a specific household as a domestic. I am not sure that I understand the hon. member's question.

Mr. Crestohl: I think the minister misunderstood my question. My question was this. Is there any priority or special consideration given to an applicant to migrate to Canada who has already a job assured to him on arrival by his relatives or some other people?

Mrs. Fairclough: If I understand the hon. member's question now, what he means is this. Suppose he is assured of employment here in a specific position but has not the necessary funds to come out, will he be assisted in passage?

Mr. Crestohl: I am not speaking of assistance in passage. I am speaking of an immigrant who applies to migrate to Canada and who has a job assured to him on arrival. He may come on his own steam, but he has a job assured him on arrival. I am asking whether any preference or special consideration is given to such an immigrant over one who has no job waiting for him on arrival and who subsequently requires the assistance of the government.

Mrs. Fairclough: The hon. member gets me confused by adding at the end of his question the words "assistance of the government".

Mr. Crestohl: I do not mean to confuse the minister, Mr. Chairman. If I may repeat my question, I shall do so. Suppose a person applies to migrate to Canada, has a job assured him on arrival either by relatives or friends and pays his own expenses. Is there any priority or special consideration given to such an applicant over one who has no job waiting for him and who may become a charge to the government?

Mrs. Fairclough: The answer to that question would be that, if the position to which he is destined is one for which there are no applicants in Canada and it has been cleared as such through the national employment service, his entry would be expedited; yes.

Mr. Herridge: May I ask the minister this question. Does that apply to relatives of Chinese citizens who make application for their relatives to come here and who in every case have assured employment, who never come on the community for care or are never any expense to the Canadian people or the Canadian government?

Mrs. Fairclough: No. That does not apply to sponsored cases.

Mr. Regier: First I should like to compliment the minister on being willing to make and in fact arranging for an amendment reducing an estimate. That is quite a favourable action in comparison to that of a minister who some days ago insisted on an estimate for parliamentary assistants remaining, even though the possibility of the estimate being used had been exhausted by the passage of the months. However, I wonder whether the minister could give us a breakdown as between the various purposes for which the estimate of, I now take it, $7,680,000 is expected to be used? I notice that in the details even less information is given than is given at page 12 of the blue book. What I should like to know is this. What is the estimate that will be needed for trans-oceanic transportation assistance; what is the estimate that will be needed for inland transportation assistance; what is the estimate for other assistance for immigrants and settlers; and what is the estimate for maintenance of immigrants who have not the wherewithal to look after themselves once they are in Canada?

Mrs. Fairclough: I think I can give the hon. member the broad breakdown. Inland transportation is estimated at $640,000; trans-oceanic transportation, $720,000; food, shelter and incidental expenses, $3,800,000. That is the one that will be reduced by half a million dollars. Then there is family assistance for immigrants and settlers, $2,800,000; and federal-provincial agreement, $220,000.

Mr. Regier: The other day I noticed a news item about Canada accepting another limited number of refugees of the revolt in Hungary. Might I ask the minister this question. Have all these refugees now been placed somewhere in the world or are there large camps of refugees remaining in Austria or Yugoslavia or elsewhere? I believe there were some in the other western European countries.

Mrs. Fairclough: It is hoped that this movement will clear up the Hungarian refugees who have been in camps in various places.

Mr. Regier: The minister says that she expects that this large admission to Canada—

Mrs. Fairclough: And to other countries.

Mr. Regier: —is likely to end the matter as far as Canada is concerned. I have one other question. Even with the reduction of the minister's estimates, I notice that it still leaves $7½ million compared to the $12,911,000 for the fiscal year ended last March 31. I noticed a news report the other day that we were expecting to Canada this year only in the neighbourhood of 70,000 immigrants which figure I believe is only roughly 35 per cent of what it was a year ago.

Mrs. Fairclough: There were that many in the first six months, practically.

Mr. Pickersgill: I wonder whether I could ask the hon. lady a question. How many settlers who were not immigrants received assistance since the item was changed to include settlers? Perhaps the hon. lady does not know what a settler is. I may say that a settler is a Canadian citizen who left Canada a long time ago and came back. We changed the law a couple of years ago so that for this purpose they could be treated as immigrants. This question is asked perhaps just out of idle curiosity. If the figure is not readily available, I would not press the matter.

Mrs. Fairclough: I do not have it right here but I shall be glad to get it for the hon. gentleman.

While I am on my feet may I correct a statement I made a few moments ago. Amongst those for whom assisted passages are available are wives and minor children. I said no sponsored relatives were eligible but wives and minor children in Europe sponsored by residents of Canada are also eligible for assisted passage.

Mr. Pickersgill: There is just one other question that I should like to ask the hon. lady. In response to a question I asked earlier in the session she gave me a categorical assurance that a settlement made with the government of Ontario with respect to Hungarian refugees was in no respect whatsoever more favourable than the settlement made with Saskatchewan. I should like to be quite sure that was the case.

Mrs. Fairclough: If my memory serves me well, I did not put it in quite that way. I think I said that the one was based on the same general principle as the other. I would not be able to answer the hon. gentleman if he is asking me if there was any particular in which the one is more favourable than the other. I would have to inquire.

Mr. Pickersgill: If the hon. lady has examined the file at all carefully she will recall that there was a good deal of negotiation that went on about this point before she became minister and before the government changed, and that I took the view that we could not possibly give more favourable treatment to a wealthy province like Ontario than we were giving to Saskatchewan. It was because I took that attitude that the negotiation broke down and no settlement was ever reached with the government of Ontario. I think we really ought to be assured in the committee before the estimates are passed that all provinces—and of course Ontario and Saskatchewan were the ones that performed the widest services in this field—were treated on a basis of absolute equality.

Mrs. Fairclough: I will try to get that information for the hon. member.

Mr. Pickersgill: If the hon. lady would undertake to give her reply tomorrow I will not hold up the item on that account.

Mrs. Fairclough: Very well. With respect to the question asked about settlers, as of July 31, 69 settlers received transportation assistance in order to return to Canada.

Mr. Garland: Would the minister say if any preference whatsoever is given to applicants when the sponsor is prepared to post a bond or give a guarantee that the immigrant will never become a public charge?

Mrs. Fairclough: I think I am correct in saying that we do not ask for a bond except where there may be health conditions indicating that the person could be a public charge. These cases are handled so carefully and individually that I do not think I could give a general answer to that question.

Mr. Crestohl: I wish to make a few general observations. My views on the urgency of increasing immigration to Canada have been stated in this house over the years since I have been sitting here and those views have been supported in large measure by eminent members of the house. If I might mention the Hon. George Drew, the present Minister of Finance, the Prime Minister himself; all those gentlemen have taken views similar to my own and have stressed the importance of admitting immigrants and expanding our population. I do not wish to go over the ground again but there is one phase of it which I would like to draw to the attention of the minister and that is the expediting of immigration into Canada of the close relatives of people already here.

This is a very delicate subject and I think merits all the sympathetic consideration of the minister. I know that in the past I have found great sympathy on the part of the former minister and the officials of the department when dealing with the cases of close relatives, and I wonder if since immigration has been stopped, generally speaking, this has not influenced the immigration of close relatives, although I understand such immigration has not been stopped by the present government.

I personally know of a great many people who have close relatives abroad and who were delighted by the fact that a lady had been appointed as Minister of Citizenship and Immigration for the first time in Canada's history. They felt, quite rightly, that this lady would understand with more sympathy the close ties of family life and the great urgency of having relatives close at hand. I would like to address myself to the minister with a simple plea that she could perhaps avoid being influenced by the men around her who are also sympathetic, but who are more inclined to adhere to the strict interpretation of the regulations. These are men whose judgment I have always respected and by whose decisions I have always abided, but yet I feel that sometimes as supporting officials to the minister, without the authority or the right enjoyed by the minister, they cannot extend sympathetic consideration to these cases. I therefore appeal to the minister as warmly and as urgently as I can to extend every possible human sympathy to these cases concerning close relatives and to even go a little beyond the strict interpretation of the letter of the law and to apply the sympathy which should come from a minister of this department, especially from a lady whose sympathy and kindness is known.

Mrs. Fairclough: I thank the hon. gentleman for his kind remarks. The policy of the department is of course to keep family groups together, but when the hon. gentleman speaks about immigration having been curtailed this

year I must say that the vast majority of those who have come to Canada have been people sponsored by their relatives in this country.

I think I am correct in saying that this department has always lent a sympathetic ear to those persons who find themselves parted from their immediate relatives by reason of their migration to Canada or for other reasons beyond their control. It is our hope that we can bring these family groups together, but when I say that I cannot guarantee that this would be a blanket policy applied to all parts of the globe because, as the hon. member knows, different conditions prevail in different countries and different areas.

In so far as possible we do hope to bring family groups together, although we cannot always do this as quickly as we would like, for many reasons. I can assure the hon. member that the policy is undergoing close scrutiny at the present time and we hope to have an announcement to make in that respect in the not too distant future, bearing in mind just such circumstances as those he has described.

Mr. Regier: I am a little hard of hearing sometimes but did I hear the minister correctly to the effect that of this roughly $7 million, $3,800,000 was for incidentals? Would she clarify what she said. I know there were other matters, but I was not quite clear in that respect.

Mrs. Fairclough: That was for food, shelter and incidental expenses. Incidentals would be just a very small portion of that.

Mr. Regier: Would the minister explain how this is a separate item from the next item—family assistance of $2,800,000? This was the sum of money paid by agreement with the provinces. Exactly how does the item for food come under $3,800,000 and the family assistance under $2,800,000?

Mrs. Fairclough: Mr. Chairman, family assistance is the term given to family allowances when paid to immigrants who would not, by reason of their short term of residence in this country, qualify for family allowances. There might be, and in my opinion there is, some room for argument as to whether this might not properly be paid by the Department of National Health and Welfare, but that is a matter of conjecture. Nevertheless, that is what it is, family allowances paid on behalf of the children of immigrants.

Mr. Regier: May I make a general remark on this item. I believe the basic responsibility of the department should be to find proper immigrants for Canada and I say that when over $7 million out of $18 million is used for the bringing of immigrants to Canada and the maintenance of those immigrants, that is a fairly high proportion. Relatively more money should be spent in finding ways and means to let Canada have those people who so badly want to come here and who will not be a burden to the Canadian taxpayers.

Mr. Herridge: Mr. Chairman, as I wish to make somewhat extended remarks on this item, may I call it six o'clock?

Resolutions adopted in committee of supply this day reported and concurred in.

PRIVILEGE

MR. BOURQUE—REFERENCE TO ARTICLE IN OTTAWA "JOURNAL"

(Translation):

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, I rise on a question of privilege. I have before me a copy of this evening's *Journal*, which reads as follows:

(Text):

Mr. Speaker: Order. I wonder if the hon. member would raise his question of privilege in the morning. It is now six o'clock and according to the rules the house rises at this time.

Mr. Chevrier: May I ask leave of the house for the hon. member to continue? It is a small matter which appears in this evening's paper and it will take less than a minute.

Mr. Speaker: Does the house give unanimous consent to the hon. member continuing?

Some hon. Members: No.

Mr. McGee: Mr. Speaker, I have an objection. May I be heard on it?

Mr. Speaker: As unanimous consent has not been given, I do not feel that the rules of the house should be broken.

Mr. Pickersgill: It is interesting to see who does not want corrections made.

Mr. Churchill: What is wrong with tomorrow?

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the government leader what the business will be tomorrow?

Mr. Green: Mr. Speaker, tomorrow we hope to deal with three or four of the items on the order paper which are not contentious; item No. 2, a minor amendment from the other place to the Excise Tax Act; item No. 9, the resolution preceding a bill to provide for additional judges; item No. 5, second reading of a bill to authorize the construction of

a bridge from Campobello island to Lubec, Maine, and possibly item No. 1, the house in committee on a bill to amend the Railway Act. Then we shall take the estimates of the Department of Citizenship and Immigration followed by three or four items which remain under trade and commerce and then transport and finance.

Mr. Chevrier: Can the minister indicate what the business will be on Friday and Saturday?

Mr. Green: We are hoping, Mr. Speaker, to finish up the estimates.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

259. General administration, $4,089,027.

260. Inspection, investigation and audit services, $4,212,190.

Ports—

261. Operation and maintenance, $30,061,430.

262. Construction or acquisition of buildings, works, land and equipment, $848,400.

Taxation division—

263. General administration, $3,183,910.

264. District offices, $29,297,654.

Income tax appeal board—

265. Administration expenses, $107,130.

Canadian Broadcasting Corporation

53. Grant towards the anticipated operating deficit of the radio and television services, $39,135,000.

54. Grant for the capital expenditures of the radio and television services, $8,414,000.

International shortwave broadcasting service—

55. Maintenance and operation including authority to credit to the appropriation revenue from the rental of facilities in Radio-Canada building and at Sackville, N.B., to an amount of $331,500 and to re-expend these moneys for the purposes of the international service, $1,777,845.

56. Construction or acquisition of buildings, works, land and equipment, including supervision, $31,290.

534. Grant towards the anticipated operating deficit of the radio and television services—further amount required, $356,000.

535. Grant for the capital expenditures of the radio and television services—further amount required, $235,000.

536. Construction or acquisition of buildings, works, land and equipment, including supervision—further amount required, $14,905.

HOUSE OF COMMONS

Thursday, August 28, 1958

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

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

HOUSING

ANNOUNCEMENT OF DESIGN OF "MINIMUM" HOUSE

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, while the housing program during the last year has generally been very successful, there is still a great need for a more modest type of home which would be suitable for erection in the less populated areas. In the past one of the difficulties has been the reluctance of approved lenders to lend on this type of house, especially in sparsely populated locations.

As hon. members are aware, Central Mortgage and Housing Corporation has been working on the design of a modest house which, while it is intended primarily for rural areas where municipal services are not available, can also be built in the smaller populated centres. The design and brief specification have now been completed and steps to publicize this "minimum" house are about to be taken. This is an example of what may be accepted for National Housing Act lending. Leaflets describing this house are available at every corporation office across the country. Working drawings of this house may be purchased at a cost of $10 a set.

It is hoped that the house will be erected in the more remote areas for a cost of approximately $5,000. Where there are some services in the smaller centres it is hoped that the cost will not be more than $8,000. This house conforms to the minimum standards required for houses erected under the National Housing Act, including a recent amendment which gives more freedom of design in that it permits access to the bathroom from a habitable room or the entrance hall. Copies of the leaflet describing the minimum house are being distributed to all hon. members, and I think they will be doing the country a service if they pass the word around in their constituencies concerning this new and more modest type of home.

I am sure hon. members will be glad to know that there has been a great increase in the number of loans made by Central Mortgage and Housing Corporation in centres under 55,000 population. The figure for the first seven months of 1957 was 7,531 units, and for the same seven months of 1958 the figure is almost double, 14,581 units. There were over 1,000 more in July, 1958 than there were in July, 1957. We are hoping that this new type of home will be of great benefit to Canadians living in the smaller centres.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I wonder whether the minister would care to comment in a little more definite terms on the C.M.H.C. attitude toward this type of home in the larger centres.

I have in mind the restrictions which exist now and which make it difficult for people in the lower income brackets to take advantage of these facilities. I should like to ask the minister whether or not this house will be available in the large centres, and at the same time we commend him for making it available in the rural areas.

Mr. Green: It will be available, but I doubt very much whether homes could be built for this price in the larger centres. The practical need for housing of this type has been in the smaller centres of Canada.

Mr. Garland: May I be permitted one further question. Have there been any conversations with the lending institutions as to their attitude toward making loans on this type of accommodation?

Mr. Green: We always do what we can to persuade the lending institutions to make loans in all centres, and I must say they have been very co-operative. We do believe that the use of this new design will greatly facilitate the construction of new homes in the smaller centres.

Mr. Garland: Is it intended that the lending institutions will carry the bulk of the financing, or will it be by direct loan from the corporation?

Mr. Green: If the loans cannot be obtained through the lending institutions, Central Mortgage and Housing Corporation will make the loans directly.

Mr. D. M. Fisher (Port Arthur): This is very welcome news, Mr. Speaker. I must comment on the remarkable swiftness with

which Central Mortgage and Housing Corporation has moved. I think it was about a week ago that the minister told me the plans were not ready, and now they are in form. How far has Central Mortgage and Housing Corporation gone in clearing certain materials for specification in this type of housing? I am thinking particularly of plywood and that sort of thing, which will go a long way toward making this type of construction cheaper. One of the complaints I have had from the plywood manufacturers has been the fact that this material has not been cleared yet through the various testing processes. Is Central Mortgage and Housing Corporation working with the testing laboratory to clear various types of materials?

Mr. Green: Central Mortgage and Housing Corporation has been working for a much longer period than the last week on the preparation of these plans. The hon. gentleman's question of a week ago was very helpful, but just incidental. I do not have the information necessary to give him a detailed answer to his question, but if there is any difficulty about clearing materials which could be used, we certainly will try to overcome that difficulty right away. I feel confident that there is no such difficulty now.

[*Later:*]

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I direct a question to the Minister of Public Works arising out of the statement which he made this morning about low-cost houses, which I can assure him will be of special interest to people of my province. Will steps be taken so that arrangements can be made to make these new houses available to fishermen in the small fishing settlements of Newfoundland?

Mr. Green: Mr. Speaker, I am not in a position to say to what extent they will be available to fishermen. I think the hon. member will be able to judge that better than I can when he sees the pamphlet. Then, if there is any difficulty we should be glad to try to iron it out.

Mr. Carter: A supplementary question, Mr. Speaker. Is it the intention of the government to restrict these houses only to incorporated areas?

Mr. Green: No, Mr. Speaker.

ARTS, LETTERS AND SCIENCES

ANNOUNCEMENT RESPECTING INCREASED AID TO UNIVERSITIES

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, to assist the universities of Canada, parliament has made provision to authorize payments to the national conference of Canadian universities. In accordance with the provisions of an agreement entered into between the conference and the minister of finance on March 26, 1957, payment is to be at the rate of $1 per head of population for the province concerned. The main estimates for this year contain an item of $17,100,000 to provide for payments at this rate. The government is now proposing that this per capita payment be increased from $1 to $1.50. Accordingly the further supplementary estimates will so provide, and will contain a further item of $8,500,000 for this purpose. The two items combined will bring the total federal aid to universities in Canada in the present fiscal year to $25,600,000.

Hon. L. B. Pearson (Leader of the Opposition): I am sure, Mr. Speaker, all hon. members will welcome the announcement of the Minister of Finance extending the scheme for assistance to higher education in Canada introduced by the previous government, as he has indicated, a couple of years ago. We shall have an opportunity of discussing this matter in detail—and it warrants that discussion—when the supplementary estimates are before the house. At this moment I merely say that the universities need this help, and I am sure they will welcome the additional amount they are to receive from the government.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement by the Minister of Finance will go some small way toward solving the educational crisis in this country, and the crisis that faces our universities. We would hope that the government would enunciate an over-all educational program to include scholarships, and that the government would make this a first step in a rapid movement to the achievement of equal educational opportunities for all within our nation.

[*Later:*]

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I address a question to the Minister of Finance apropos of the announcement he just made concerning an increase in university grants. May I ask him if the government of the province of Quebec has given any indication whether or not it will accept these grants?

Mr. Fleming (Eglinton): We have had no indication that the government of the province of Quebec will accept the grants on any existing basis.

CANADA COUNCIL—STATUS OF CIVIL SERVANTS AWARDED SCHOLARSHIPS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister. Is the Prime Minister in a

position to give me an answer to a question I asked him on July 26 concerning the awarding of scholarships by the Canada Council to civil servants, to which question he intended, I know, to make an early reply.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman communicated with me and advised that he was going to ask for an answer to the question he asked on July 26, which was to the following effect:

I have been informed that some persons awarded scholarships by the Canada Council have been denied the opportunity to take advantage of these scholarships because they are civil servants. Can the Prime Minister inform the house of government policy in this respect, and would he have this matter looked into to see that there is no conflict in policy or with the government's intentions?

I would point out to the hon. member that on other occasions in the house I have been asked about activities of the Canada Council, and in reply I have said that the Canada Council is not an agency of Her Majesty and that the Canada Council Act clearly specifies the manner in which the council is to report to parliament annually. However, in view of the fact that on the occasion when the question was asked I advised the hon. gentleman that I would communicate with the council to see whether or not an answer could be secured, I may say that in carrying out that undertaking I also communicated with the civil service commission.

The civil service commission reports that a civil servant—not some civil servants—requested leave with full pay to take up a Canada Council scholarship of $4,000 for an academic year. The commission advises that it has no fixed policy or regulation that prevents a civil servant taking a scholarship but that it is a matter for judgment and discretion to be exercised in each case as to whether or not leave with pay should be granted. In this one case the commission felt that leave with pay should only be granted during the summer months, when the individual in question could be relatively easily spared from his regular position, and that leave without pay could be granted during the academic year for which he would hold the scholarship, and the stand he took was that he declined the scholarship on that basis. Had he been granted leave with full pay for the full period he requested it would have cost an additional $6,000 over and above the amount to be paid to him under the scholarship.

Mr. Herridge: Mr. Speaker, I appreciate the Prime Minister's very lengthy answer to this question, but I have a letter here from Professor C. S. Burchill in which he says:

India—Financing of Development Plan

The application for leave which I submitted followed precedents established at this institution, and was for leave on half-pay only—

Mr. Speaker: Order. I appreciate the hon. member's interest in the question, but this is not the proper place to give information. Perhaps he will find an opportunity on the estimates.

EXTERNAL AFFAIRS

INDIA—ANNOUNCEMENT RESPECTING CONFERENCE ON FOREIGN EXCHANGE SITUATION

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, hon. members may have seen in the press statements that during the earlier part of this week discussions were held in Washington under the auspices of the international bank for reconstruction and development regarding the foreign exchange situation confronting India.

The meetings were attended by representatives of the bank itself, and also of the United States, the United Kingdom, Germany, Japan and Canada. Apart from Canada all these countries may be described as India's chief creditors, either in the sense that the value of their exports to India substantially exceeds their imports or in the sense that they have extended substantial credits to India for past exports and the debts are now coming due. Canada is not a major creditor in either sense. However, the Indian authorities had advised us that they would wish Canada to be represented at the meetings, and the government accordingly decided to send a representative from Canada to attend. I know the house would approve this decision, in view of the great interest of Canadians in India and the important position which India holds in the commonwealth and in the world.

I am now informed that there was full agreement in Washington about the situation in which India now finds herself and also as to the urgent need to find a constructive solution. The problem arises chiefly from the fact that India's second five-year development plan is requiring more foreign purchases, in a more concentrated period, than India can at the moment pay for. While India has been cutting back both her imports for consumption and her domestic development plans, I am sure nobody, and certainly no Canadian, would wish to see India's development arrested or retarded.

Canada, as I have said, is not one of India's chief creditors either in the sense of accumulated obligations or in the sense of an export surplus. Therefore the Canadian government is not confronted by the main problem facing others; that is to say, the problem of how to arrange finance to cover

their excess exports to India or how to exchange short term obligations for medium and long term obligations. Officials of the other governments represented in Washington are now reporting to their governments and there seems to be good reason to hope that India's problems in this field for the immediate future may be solved.

We have not yet been able to give full consideration to the report of our representative, who returned to Ottawa only last evening, the meetings having concluded yesterday at noon. However, I think I may report to the house that it appears that in the context of the Washington meetings and the particular group of problems that were under discussion there, the most helpful thing that Canada can do is to continue to provide India with the Canadian goods she may require in her development program. In large measure these are provided on the basis of grants out of the moneys voted by this house under the Colombo plan. To this extent they create no financial obligations on the part of India, nor have they done so in the past. We may also be able to help by accelerating our Colombo plan shipments; and to the extent that this is physically possible, the house may be assured that it will be done.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister's announcement deals with a matter of great importance, primarily of course to India but also to Canada, because there is nothing of much greater importance in the free world at the present time than the effort being made by a free democratic government in India to develop by democratic planning a way to take care of the needs of its great and growing population. Therefore I am sure the house will have welcomed the announcement made by the minister.

The problem of assisting India to meet its indebtedness from outside investment assistance has now been considered in Washington by representatives of the United States and of other countries, of which Canada is one. It is true, as the minister has said, that our assistance to India since world war II has taken the form of grants of capital aid rather than loans. Therefore we are not, as are some other countries, a major creditor of India. I welcome the statement of the minister that this kind of assistance is going to continue—I suppose through the Colombo plan—and I suggest to him that what he has said has underlined the desirability of emphasizing the necessity for capital rather than consumer aid. There has been a move, and I am not criticizing it, in recent months to assist India by sending to her under the Colombo plan consumer goods, but the Colombo plan was originally designed to assist India in the kind of development about which the minister has spoken by the provision of capital goods. I do hope that in our desire to help India in other respects we will not lose sight of the importance of maintaining this capital assistance.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, we listened with a great deal of interest to the announcement by the Minister of Finance. We are very concerned that the Canadian government should continue to help India develop her economy. India is, after all, the great fortress of democracy in Asia, and we feel that the Canadian government should do everything possible to maintain the outpost of democracy in that large nation. We believe the Canadian people have sufficient sympathetic understanding of what is happening in India that they would welcome this government taking a liberal approach to this matter and exerting much more effort on behalf of India than has been the case in years gone by.

We feel that the extent of Canada's aid to overseas territories, and especially those overseas territories which are attempting to develop our form of government, should be more like 1 per cent of our gross national product; in other words we should be thinking in terms of $300 million rather than in terms of $30 million or $35 million.

PRIVILEGE

MR. BOURQUE—REFERENCE TO ARTICLE IN OTTAWA "JOURNAL"

On the orders of the day:

Mr. Speaker: The hon. member for Outremont-St. Jean has a matter which he endeavoured to raise last night.

(Translation):

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, I rise on a question of privilege. I have here before me an article taken from last evening's *Journal,* and which reads as follows:

(Text):

Nobody Told Him of Boycott!

At 3.30 this afternoon a lone Liberal, Romuald Bourque, Outremont-St. Jean, wandered into the public accounts committee.

He was given tremendous applause, looked slightly embarrassed, and explained that "nobody told me we weren't supposed to come to this committee".

Then he left.

(Translation):

That is absolutely untrue. In accordance with the statement made by my leader, I did not attend the meeting which was held at 1:30 p.m., but I attended the sitting of the public accounts committee in conformity with the decision made by our party to take

part in the meeting which had been called for yesterday afternoon at 3.30. I arrived at the meeting at 3.30 o'clock and I remained until the end. In other words, I only left the meeting when it had been duly adjourned and not before. I wanted to have the true facts on the record, Mr. Speaker.

(Text):

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR COMMENT ON NEWSPAPER REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of a disturbing report in the *Globe and Mail* that the government will not make deficiency payments on western grain but will instead pay $1 per acre up to $200 per farmer, a most disturbing and inadequate amount. I would appreciate the Prime Minister's comments on this report.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not going to announce government policy by way of comment on any newspaper article, but I can say this to the hon. gentleman. No matter what is done he will always say it is not enough.

Mr. Argue: Especially if it is peanuts, like this announcement.

FEDERAL-MUNICIPAL CONFERENCE

INQUIRY AS TO PROPOSED AGENDA

On the orders of the day:

Mr. J. R. Garland (Nipissing): I wish to address a question to the Prime Minister. Will the Prime Minister give the house any information he has concerning the meeting to be held soon with the Canadian federation of mayors and municipalities, in particular with regard to the proposed agenda?

Right Hon. J. G. Diefenbaker (Prime Minister): As the hon. member knows, last February the association of mayors made representations to the cabinet and asked, among other things, for the convening of an informal meeting so they might place before the cabinet information concerning the position of municipalities throughout the country as a whole. The date of that meeting has now been determined as the 6th of October, and it may continue into the 7th.

Consideration has been given to the routine to be followed, but as yet the agenda has not been determined.

AGRICULTURE

TOBACCO—REPORTED BLIGHT IN ONTARIO CROP

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to address a question to the Minister of Agriculture. Has the minister's attention been drawn to the fact that a blight of unknown origin has been detected in the Ontario tobacco crop? If so, can the minister inform the house what steps his department is taking toward finding a solution to this problem?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, research officers of the department are aware of the condition known as leaf spot or wet weather fleck in tobacco. The condition existed in a severe form in tobacco in Ontario in 1955 and again in 1957. Present indications are that damage will not be serious in 1958. Tobacco losses in 1955 and 1957 were estimated at eight million pounds and six million pounds respectively.

An extensive research program has been undertaken by the department with the co-operation of the meteorological service of the Department of Transport, the Ontario research foundation, and scientific officers of the Imperial Tobacco Company. Points under investigation include the effects of soil, fertilizers, varieties, irrigation, light, air pollution and meteorological conditions. No results are available to be reported at present. The research program will be continued and expanded if necessary.

(Translation):

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to call to the attention of the Secretary of State question No. 96, on the order paper, which has gone unanswered although it has been there for over a month. I would ask him to be so kind as to note it and to see whether he could give an answer before the estimates of the hon. Minister of Public Works (Mr. Green) are submitted to the house.

(Text):

UNITED NATIONS

INTERNATIONAL MONETARY FUND—REFERENCE TO DATE OF PRESS RELEASE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address another question to the Prime Minister. I apologize for not giving him notice. It is based on a document I received in my office just prior to coming to the house. It is a press release which indicates that the occupants of the Prime Minister's office are one month ahead of ordinary

mortals in their understanding of the time-space dimension, or may indicate the influence of British Columbia in his office. The document is a press release concerning the Prime Minister's attitude toward the proposal of the President of the United States for an increase in the resources of the international monetary fund, and so on. My point is that the press release is dated Tuesday, September 26 and for immediate release. Will the Prime Minister say when we can make up this time?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not know anything about the press release, but the care with which the hon. gentleman has observed the mistake in the date indicates the meticulous attention which he gives to small matters.

TELEVISION

FORT FRANCES, ONT.—REPORTED CLOSED CIRCUIT PERMIT TO U.S. FIRM

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I would like to address a question to the Minister of National Revenue. I would like to know whether there is any foundation for a press release which appeared on the first page of this morning's *Globe and Mail* to the effect that a United States firm has been granted clearance by Ottawa to bring closed circuit television to Fort Frances in Canada? If so, is it in accordance with section 14 of Bill C-55?

Hon. George C. Nowlan (Minister of National Revenue): I have no knowledge of the press release; I have not seen it. There was no press release issued or authorized in any way, shape or form. I will look at the statement in the press and advise the hon. gentleman later whether there is any foundation for the statement; I am sure there is not.

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. C-44, to amend the Excise Tax Act.

He said: Perhaps I should say very briefly here that this is a very minor amendment in the Excise Tax Act. The Senate looked at one expression in the bill which reads, "Shall be received in evidence as prima facie proof" and chose an alternative expression, "Shall be prima facie evidence". I may say that the former expression is preferred by the Department of Justice, but apart from some legalistic hair-splitting I do not think any member of the house will regard this as a matter of substance. Therefore, Mr. Speaker, I am moving simply for concurrence in the amendment proposed.

Motion agreed to, amendment read the second time and concurred in.

JUDGES ACT

AMENDMENT TO PROVIDE SALARIES FOR ADDITIONAL JUDGES

Hon. E. D. Fulton (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for two additional judges of the high court of Ontario, for one additional judge of the appeal division of the supreme court of New Brunswick and for six additional judges for the county courts of Ontario.

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

Mr. Pickersgill: Is the minister not going to give some explanation?

Mr. Fulton: Mr. Chairman, I do not think much explanation is necessary. The resolution is self-explanatory. The legislatures of the respective provinces have passed and proclaimed the legislation to provide for these judicial positions, and the attorneys general of the provinces have requested us to enact the necessary amendment to the Judges Act to provide the salaries in order that the appointments may be made to the offices. Accordingly we are recommending to the house that we be given the authority to introduce the necessary bill.

Mr. Pickersgill: Mr. Chairman, I have a few observations I should like to make about one item in the resolution; and I make them, I suppose, because I represent a constituency in one of the Atlantic provinces. In the province I represent, which has a population almost within 100,000 of the population of New Brunswick and where I do not suppose the people are very much more law abiding or less litigious than they are in New Brunswick, there are three high court judges and only two county court judges. In Nova Scotia, which has a population of at least 150,000 more than New Brunswick, and I would think a population at least as litigious, there are only seven high court judges.

It does seem rather extraordinary that in New Brunswick eight high court judges should be required for the discharge of the judicial duties. I understand that the hon. member for Northumberland-Miramichi has a word to say about the situation in New Brunswick, but it does seem to me there is a great disproportion between the figures for the three provinces. I know the minister's predecessor did not just automatically accept

requests to increase the number of judges when they came from the provinces, but made a very careful inquiry to see whether the money of the taxpayers of Canada should be expended for this purpose. It does seem to me that in this particular case we should have a more detailed explanation than we have had from the minister.

Mr. McWilliam: Mr. Chairman, I am not completely clear in my own mind on exactly what procedure is followed with regard to the appointing of judges. Possibly I am right in presuming that the only purpose of this legislation is to provide for salaries. However, I should like the minister to tell me whether any examination of the need for the appointment of a judge is made in these cases. There is provision here for the appointment of an additional judge for the appeal court of New Brunswick, and as far as I have been able to ascertain the consensus is that there is much greater need for another judge in the Queen's bench division. If that is so, I wonder whether the minister has looked into the need for an additional judge for the Queen's bench division as against the present recommendation.

As I said before, I do not know whether that is within his jurisdiction. Possibly the purpose of the legislation is simply to provide salaries. Would the minister comment on that point?

Mr. Fulton: Of course I have made inquiries and satisfied myself, as I have had to satisfy my colleagues, that there is necessity and justification for the appointment requested by the province. In the course of these inquiries I have had correspondence with the attorney general of New Brunswick. My hon. friends opposite will, of course, appreciate that the constitution of the courts is entirely a matter of provincial jurisdiction. It is therefore up to the province to determine to what branch of the courts additional appointments should be made, while we have the responsibility mainly of satisfying ourselves as to the necessity of such additional appointments.

I understand that there was discussion and consideration in New Brunswick with respect to whether the additional appointment should be made to the supreme court or to the appellate division, and the decision was that it should be made by way of an extra judge appointed to the branch of the court exercising appellate jurisdiction. That is my information from the attorney general.

As hon. members from New Brunswick will appreciate, there is in that province a judge exercising jurisdiction in divorce and matrimonial causes who is appointed under provincial legislation with authority in that field. That judge, Mr. Justice Anglin, has recently tendered his resignation as the judge in divorce and matrimonial causes, and it is therefore necessary to find another judge to discharge that responsibility. The intention is that if this legislation carries the judge newly appointed will assume that divorce jurisdiction. He will be available, of course, as a judge in chancery, the division of the courts in New Brunswick exercising appeal jurisdiction, as I understand it, but will also have jurisdiction in divorce and matrimonial causes.

I am informed by the attorney general of New Brunswick that this matter has been discussed with the council of the barristers' society of New Brunswick and with the chief justice of the province, Mr. Justice McNair, who is of the opinion that this is the best way to handle the matter. I am also informed that the number of judges in New Brunswick has not been increased since 1913, and that the population of the province has increased by about 50 per cent since that time. I am also informed that in 1936, for instance, there were 196 cases before the court having jurisdiction in divorce and matrimonial causes, but that in 1956 there were 597 cases.

I might also point out for the information of hon. members that we are not unmindful of the fact that the appointment of additional judges requires the payment of additional salaries. Therefore hon. members will be interested to learn that although in the past it has been provided by statute under our Judges Act that there will be an additional salary of $500 payable to the judge in New Brunswick who is in charge of the divorce court, that salary will no longer be paid and, with the agreement of the attorney general of the province, the bill to be introduced if this resolution carries will provide for the elimination of that additional salary of $500.

Mr. Pickersgill: The minister has given us statistics for New Brunswick. I suppose in making the decision to bring this matter before us he also looked at the case load in the province of Nova Scotia, where there is a very much larger population, where there is only one court, as I understand it, and where one would expect the need for additional judges would probably be greater than it is in New Brunswick. I also wondered whether there were any other provinces with two courts, such as there are in New Brunswick, Manitoba and I believe in most provinces from New Brunswick west, that is to say a trial and an appeal court, where the number of appeal judges equalled the number of trial judges.

Mr. Fulton: I do not have the figures before me, but offhand I do not believe there are. As I have pointed out, however, it is the feeling of the government of New Brunswick, which is responsible for the constitution of the courts of that province, that this will be the best way to handle the matter. The new judge to be appointed to the appeal court will exercise jurisdiction in divorce and matrimonial causes, which will relieve one of the judges of the supreme court of that duty. Five hundred and ninety-seven cases, including 222 divorce cases, represents a fair burden of work in divorce and matrimonial causes.

Mr. Brooks: I wonder if I might say a word; I had not intended to speak. I think the Minister of Justice has explained the situation in the province of New Brunswick very well. The hon. member for Bonavista-Twillingate has made a comparison between Newfoundland and New Brunswick. I think our population is about 125,000 greater than that of Newfoundland. Newfoundland just came into confederation a short time ago, and it is my understanding that that province is pressing for more judges. I believe that is correct.

Mr. Pickersgill: I would not know.

Mr. Brooks: The hon. member would not know, and would not admit it if he did.

Mr. Pickersgill: They only have three judges as opposed to the seven you have now.

Mr. Brooks: I believe the number of judges New Brunswick has compares very favourably with the number of judges in other provinces of Canada. Nova Scotia has two more judges than New Brunswick, one more county court judge and one more supreme court judge. If the hon. member will look at the record—and I do not intend to take the time of the committee to go into detail on that point now—he will find that the other provinces in Canada have about the same number of judges in proportion to population as we have in New Brunswick.

There is another situation in New Brunswick which does not apply to most of the other provinces in Canada. We have about a 60-40 split in the population as between French speaking and English speaking. This makes a little extra work so far as the courts are concerned. I know that the hon. member for Bonavista-Twillingate has not mentioned this matter in too serious a vein. This request for a judge has been made by the barristers' society of New Brunswick and also by the chief justice, who is a very good friend of the hon. member—

Mr. Pickersgill: And for whom I have very great respect.

[Mr. Pickersgill.]

Mr. Brooks: —and whose judgment I think he believes as I do, is pretty sound in most things. We make no apology for asking for another judge in New Brunswick.

I might refer also to the fact that one of our judges, who is very well known to many of the members of this house, has been ill for some time. I refer to Mr. Justice Clovis T. Richard. We have been rather proud of our bench in New Brunswick, and for many years we have had outstanding men on that bench. I am satisfied that a judge is needed. I am pleased that the justice department has realized this and has acceded to the representations not only of the barristers' society and the chief justice, but also of the government of New Brunswick. I see no reason at all, Mr. Chairman, why the request should not be granted.

Mr. Pickersgill: I was just thinking of the taxpayers.

Mr. Brooks: You were just thinking, that is all.

Mr. McIlraith: I want to ask the Minister of Justice some questions concerning that part of the resolution which relates to the province of Ontario. As I understand it, in the high court of Ontario there are a chief justice and 18 judges. The result of this proposal will be to increase the number of judges to 20. I believe that is undoubtedly necessary, because there has been a condition of overwork of the judges of the high court of Ontario.

With respect to the county courts in Ontario, my understanding is that there are now 64 judges in the county courts, and that the proposal is to increase that number to 70. The point which concerns me, and about which I desire some further information, is this. In the past, county court judges have been appointed to designated counties, that is each judge to his particular county. These six additional judges may or may not be necessary, depending on the areas to which they are to be appointed.

My reason for saying that is this. There has been a rapid growth in some parts of the province and a much slower rate of growth in other parts of the province. The boundaries of the older counties have not been changed for a great number of years. The consequence is that we have judges appointed to counties where the total population is of the order of 25,000 persons, and there is very little for them to do. In other parts of the province, where rapid growth has taken place, there may be one or two judges dealing with an area in which there is a population of a quarter of a million persons. The work is away beyond the capacity of

those judges, and it is that problem I have in mind. If the minister could give me any information as to where these six additional judges will be serving, I would be grateful to him.

Mr. Fulton: I have had discussions on the point mentioned by the hon. member for Ottawa West, with the attorney general of Ontario. It is the intention that these judges be appointed to serve in those areas where their appointment will best resolve the disparity between places where there is a heavy case load and a carryover of cases, and other areas where there is a light case load and the judges are left with some time on their hands.

The attorney general of Ontario, as he has announced in the legislature of that province, is presently working on a scheme with a view to equalizing the judicial load as among the judges of the county courts and also with a view to equalizing what I might call the judicial services as among various areas of the province, so that ultimately county court judges in Ontario will each be doing approximately the same amount of work and the different areas of Ontario will be served, with respect to the speed of dispatch of their cases, equally well. In this way we will not have a situation where in one area the judges are overworked and cases are dragging, whereas in another area cases are heard and decided with dispatch.

As I understand it, and as the attorney general has discussed it with me, there is to be one extra judge for district No. 1.

Mr. Benidickson: Could the minister indicate the geographical place name of the county seat?

Mr. Fulton: As I recall it, in the No. 1 area the greatest case-load was in Essex; in district No. 2 there is to be one extra judge, and there the greatest case-load seems to be in Lincoln, Welland and Wentworth; in district No. 3 there is to be one extra judge available in the Simcoe area; district No. 4, which is York county, will have two extra judges. I do not think I need to say anything to my hon. friends from Ontario about the case-load in the county courts of that district. In district No. 8 there will be one extra judge, as I recall it, in the area of Sudbury.

Mr. McIlraith: It is rather interesting, as I understand it, that the minister is asking the house to approve a resolution providing for the appointment of judges in Ontario without knowing precisely where those judges will be appointed, and before the province has made the necessary legislative provision—

Mr. Fulton: My hon. friend is quite wrong.

Mr. McIlraith: I want to have that point clear.

Mr. Fulton: My hon. friend is quite wrong. The Ontario act, which was a bill to amend the county judges' act, was passed at the fourth session of the 25th legislature—that is their last session—and was proclaimed by order in council to come into force on August 21, 1958. Hence the six additional judges will be appointed under the provision of the Ontario act to which I have referred. If my hon. friend will look at section 2 of that bill he will see the provision relating to the appointment of these six judges.

Mr. McIlraith: I thank the minister for clearing up that point; I had not understood his earlier remarks. I am concerned about one other thing. He has indicated the six areas in which he expects these judges to serve. As I understand the matter, the second or third heaviest case load in the province is in Ottawa, in the county of Carleton. There is a situation here which is not conducive to the best standards of the administration of justice because of overwork of the two judges in the county of Carleton. The situation has been alleviated by certain administrative changes whereby the county court judge of the counties of Prescott and Russell relieves and does a good deal of work in the county of Carleton. I hope that when this legislation passes the minister will bear that matter in mind in his further discussions with the attorney general of the province, in order to see whether the situation cannot be improved by way of providing additional judicial capacity for service in Carleton county.

Mr. Fulton: I shall be glad to do that.

Mr. Benidickson: My recollection is that these amendments to the complement of judges are preceded by conferences between the Minister of Justice and the attorneys general, because we have the peculiar situation in which the federal government pays the salaries of the judges yet the provinces must determine the geographical area of the county court set-up. In connection with the discussions which the minister has doubtless had with the attorney general preceding the introduction of this resolution and his announced intention, has he had from the attorney general of Ontario an indication that there would be any alteration in the pattern of the county court judicial seats in the Kenora and Rainy River districts?

Mr. Fulton: No, I have not. As I said a few moments ago, the attorney general of Ontario has in mind a scheme for improving the administration of the county courts generally,

but that is a scheme with relation to the whole province. Whether ultimately there would be any effect on the county or district mentioned by my hon. friend is something which I, of course, am not in a position to say. But in so far as the present situation is concerned, nothing in our discussions has led me to believe that a specific change will be made with relation to that area or that there will be any change unless and until there is an over-all change as a result of the implementation of a general scheme.

Mr. Benidickson: Our population there, of course, is growing fairly impressively, largely owing to the natural resource development. The Rainy River district court, perhaps from the point of view of the case load, has not been impressive, but on the other hand our geographical area is huge. In addition to that, on the eastern boundary of the district there is a development that I think will be extremely important from the point of view of population. I refer, of course, to the iron mine development at Steep Rock and Atikokan. I think it would be a most unfortunate step if we looked simply to the present case load and overlooked the great hardship to litigants as well as members of the bar if there was any thought of combining the two courts of Kenora and Rainy River.

The matter was drawn to my attention two or three years ago when I believe the attorney general of Ontario at that time asked the then minister of justice to increase the number of county court judges. It was conveyed to me indirectly that one of the places he had in mind for compensating reduction or economy in the matter of courts was the combination of the two county court seats of Kenora and Rainy River. I opposed that suggestion very strenuously and I think with some success. I just remind the minister that we would feel it to be a most unfortunate thing if, when we were increasing the judges in one place there should be great inconvenience caused to the public because of some form of trading on the basis of the final number of judges. Our geographical area is about one-eighth of Ontario, though we do not have that proportion of the 90 members of the legislature of Ontario.

The Deputy Chairman: Shall the resolution carry?

Mr. Garland: Earlier the minister referred to what he described as the Sudbury area. Could he say whether it includes the district of Nipissing?

Mr. Fulton: As I understand it, Mr. Chairman, at the present time it does not. Nipissing forms a separate county within district No. 8. As I understand the organization of the courts in Ontario, Sudbury also forms a separate county or district within that general district. I pointed out that Sudbury seems to be the area of greatest case load at the present time within district No. 8, and I indicated that as I understand the scheme envisaged by the attorney general of Ontario, the intention is to make these initial six appointments as a first step in the equalizing of the case load throughout the county courts of Ontario. The exact places in which the judges will reside will be fixed later under the Ontario legislation. But the indication given me by the attorney general is as I have just given it to the house, namely that these are the areas of greatest case load and these are the areas in which he wishes to have these six county court judges serve in order to equalize the situation throughout the province.

Mr. Garland: When the minister says "reside" does he mean where they will carry out their duties.

Mr. Fulton: Not necessarily. They will be available, as I understand it, to go on circuit, as it were. That is not the correct term because it usually applies to judges of superior courts, but it is something of the same nature that the attorney general has in mind. Their place of residence is to be fixed, but they will be available for work outside of that place of residence. The places I have designated are the ones which primarily need the assistance.

Mr. Garland: Will they have the status of judge or junior judge?

Mr. Fulton: I am not certain. I believe they will all be judges except possibly the one in Essex, the one with respect to whom the intention is that he should primarily serve the Essex area. I do not have that information before me. Of course I shall have it before me at the time the appointments are actually made.

Mr. Benidickson: From time to time I have noticed orders in council indicating that the Minister of Justice recommends to the privy council that certain judges be given leave of absence. I think probably it is required when for some reason they want to leave the province. Does the federal authority or the provincial authority deal with absences of judges of the county courts?

Mr. Fulton: The federal authority also deals with absences of judges from the county courts, and such leave of absence is given only after an assurance—which as I recall it in the case of county court judges comes from the attorney general—to the effect that arrangements have been made for

serving the area which that judge who was given a leave of absence would normally serve.

Mr. McMillan: I think the minister referred to area No. 2, which would comprise Lincoln, Welland, Wentworth and, I presume, the city of Hamilton. At the present time Welland has two county court judges and Lincoln has one, and I do not know how many there are in Hamilton. I just wondered if the minister could be more specific and say to which county this extra judge would be assigned?

Mr. Fulton: No, Mr. Chairman, I cannot say at the present time. The scheme of the Ontario Act, as hon. members will see if they look at clause 2 thereof, provides for the appointment in such a manner that the area in which the judges are to reside and serve may be subsequently designated under the authority of the province. I have merely indicated that in the course of my discussions with the attorney general he passed on to me his desire to relieve the work load in the most overcrowded of these districts, that is, overcrowded in the sense of the number of cases on the dockets. I cannot be more specific at the moment than I have been, because this is the general outline I received from the attorney general.

Resolution reported and concurred in.

Mr. Fulton thereupon moved for leave to introduce Bill No. C-59, to amend the Judges Act.

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

BRIDGES

NEW BRUNSWICK-MAINE—AUTHORITY TO CONSTRUCT

Hon. Howard C. Green (Minister of Public Works) moved the second reading of Bill No. C-56, to authorize the construction of a bridge across Lubec channel between the province of New Brunswick and the state of Maine.

He said: Mr. Speaker, the purpose of this bill is to authorize the construction of a bridge between Campobello island in the province of New Brunswick and the town of Lubec in the state of Maine. The bill provides that the province of New Brunswick may enter into an agreement with the state of Maine for the construction, maintenance and operation of such a bridge.

An act of the United States congress recently passed authorized the state highway commission of the state of Maine to construct, maintain and operate that part of the bridge extending from the international boundary to the mainland of the state of Maine. The matter will be submitted to the state legislature in Maine for action in January, 1959. The bridge will be for the free use and passage of persons, vehicles and goods from a point on Campobello island in New Brunswick to the town of Lubec in Maine.

At the present time there is a ferry service between Campobello island and Lubec, which is subsidized by the federal government under the Canadian maritime commission and the province of New Brunswick. The subsidy is shared equally between the two governments. The service, however, is limited and does not normally operate during the hours of darkness.

The province of New Brunswick has surveyed the area in conjunction with the state of Maine, and they jointly feel that the ferry service should be replaced by a permanent bridge. In part this decision is based on the fact that there are no medical facilities on Campobello island, and there have been many cases where emergency trips have had to be made under adverse and sometimes dangerous conditions. Further, for the development of trade and tourism it is felt that the existing ferry service is completely inadequate and should be replaced by a permanent structure.

The bill does not deal with financial matters; it merely permits the province of New Brunswick to enter into an agreement with the state of Maine, which agreement would cover the financial arrangements and the procedure for construction. This bill does, however, provide that any such agreement is subject to the approval of the governor in council, and also provides that construction must be in accordance with and subject to the regulations for safeguarding navigation.

The bill also provides that Canadian labour and materials to the extent of approximately 50 per cent shall be employed in the construction of the bridge. Arrangements for financing the construction of the bridge and approaches would in the first instance be a matter for agreement between the province of New Brunswick and the state of Maine, which agreement will be permitted by this legislation.

It is proposed that the design of the structure will be undertaken by the state highway commission. However, provision will be made in the agreement that tenders will be called both in Maine and New Brunswick.

As the proposed bridge would be built in the area included in the Passamaquoddy tidal development, which is before the international joint commission, confirmation has been obtained from the commission that the construction of a bridge at this location would not

interfere in any way with the proposals being considered by it. Furthermore, there would be no financial advantage in seeking to merge the proposed bridge with any of the dam structures under consideration for the power development project.

As this would be an international structure, and in view of the fact that the federal government now assumes 50 per cent of the ferry subsidy, the province of New Brunswick has requested that the federal government participate with the province in the case of the Canadian share of this structure. Should the necessary legislation be enacted and a satisfactory agreement entered into between the state of Maine and the province of New Brunswick, the federal government has agreed to share in the cost of the project with the province of New Brunswick. The present proposal is that the federal government will bear two thirds of the cost of the Canadian half of the structure and the New Brunswick approach and that the province of New Brunswick will assume one third of the cost of the structure and approach and, in addition, assume 100 per cent responsibility for the construction of a connection from the highway system to the bridge approach.

On the basis of preliminary estimates the Canadian share of the project would be $580,000, and funds for federal participation would be dealt with under the estimates of the Department of Public Works.

The total cost of the bridge is estimated at $1,050,000. The state of Maine will be responsible for half of that, and the federal government and the province of New Brunswick will be responsible for the other half, $525,000. In addition there is the cost of additional approaches to the bridge on Campobello island, which is estimated to be $6,000, and there is the cost of the road connection from the present New Brunswick highway on the island to the approaches to the bridge, which it is estimated will cost $49,000. The best figure we can get is that the cost in Canada would be approximately $354,000 to be paid by the federal government and $226,000 to be paid by the province of New Brunswick.

This is, of course, simply an enabling bill.

Mr. Maurice Bourget (Levis): Mr. Speaker, I do not think it will be necessary for me to speak at great length because, as the minister has just said, this bill is self-explanatory and is an enabling bill to give permission to the government of New Brunswick to enter into an agreement with the state of Maine, a measure which is necessary in accordance with article 92, section 10 of the British North America Act.

I suppose the minister has satisfied himself that there is a need for this bridge; in fact I think he has shown that there is. And I take it he is satisfied that this is an economically justified project, because the share which the federal government will pay will replace the subsidy now being paid under the Canadian maritime commission. This being clear, I think we on this side have no objection to this measure. We are in accord with the principle of the bill and we approve the measure, though we will have some questions to ask during the committee stage.

Mr. R. D. C. Stewart (Charlotte): Mr. Speaker, I rise to speak on this bill with a great deal of pleasure and some degree of personal satisfaction. My personal satisfaction I will leave to my constituents to judge, but I do think some facts should be placed on the record to indicate the necessity for this bridge.

As hon. members know, Charlotte, my constituency, is a small county with a population of some 25,000, with three islands, one of which is called Campobello island, which has a population of some 1,300 and which is separated from the state of Maine by a narrow passage called the Lubec channel approximately 800 feet in width, and which is the means of access by the people of Campobello to the state of Maine and to the rest of Canada.

As the minister has pointed out, this need has been served in the past by a very inadequate ferry—a scow pushed by a small motor—which closes down at six o'clock in the evening. Anyone on the island after that has to stay on the island, and anyone who is off the island has to stay off the island. There are no facilities to enable people to to reach the island or leave it after nightfall; in case of illness a doctor cannot be brought to the island except by private boat.

The house might be interested to know that in 1957 exports from Campobello amounted to approximately $1,200,000. In the same year 130,000 foot passengers went from Campobello to Lubec, and 30,000 cars were taken across. Pulpwood was exported to the value of $200,000, and fish to the value of $600,000. As hon. members know, the greater proportion of the total export of sardines by the province of New Brunswick comes from my constituency, and a large percentage of that comes from the island of Campobello.

I think all this indicates very clearly the necessity for this bridge. As the Minister of Public Works has pointed out, this bill simply enables the province of New Brunswick to enter into an agreement with the state of Maine to provide for the construction and maintenance of this bridge. It will be a free bridge, and traffic will pass

over it freely. The people of Campobello have for many years advocated the building of such a bridge, and I am sure I am expressing their views when I say that they wish me to convey to this parliament the appreciation they feel for the steps which have been taken on their behalf. I am sure if this bill passes and becomes law we will have gained the undying gratitude of the people of Campobello and the people of Charlotte county.

Mr. Hazen Argue (Assiniboia): This is the type of bill which commends itself to all parties of this house. We know that the bridge which it is proposed to build will meet a very long standing need of the people of the island of Campobello, and we are pleased to lend our support to the passage of this measure.

This is another indication of the excellent relations which ordinarily exist between our country and the United States. The fact that we are able to work out with the United States a method of building a bridge such as this between our two countries is an indication that co-operation is usually possible and to our mutual benefit.

The Minister of Public Works has given us a fairly comprehensive review of the main features of the bill. I notice there is one provision which seems to make certain that the project will not run into such difficulties as have been experienced in connection with a certain well-known project in the city of Hull, namely the printing bureau. I do not know whether or not this is a new pattern which has been set by the government, but the government is certainly tightening its regulations and its supervision to make certain that if anything is done which might be of the nature of a scandal or an extravagant expenditure of public funds, it will be laid at the doorstep of the governor in council and not of some departmental official a certain number of rungs down the ladder. As the Minister of Public Works has explained, the governor in council will have to pass on the plans and drawings, and no subsequent material change can be made without his approval.

I do not know how the governor in council would have the time to supervise this kind of provision if it were in every act and if the government made it its business to carry it out under every act providing for construction, but it does seem to me to be an indication that the government is tightening up on the construction procedures in the Department of Public Works, and presumably in other departments, to make certain that full value is obtained for the construction dollar.

However, it will be very interesting in a few years, probably next year, to see whether or not we can have a full and wide ranging discussion of projects that have been built by this government such as has taken place in reference to other projects. I express the hope that in the days ahead we may have a chance to make a thorough and careful inquiry into projects constructed under this administration, following the provision of such a section as is in this bill, to see whether or not there has been inefficiency, extravagance and waste in connection with public funds.

There is a further provision in the bill which I think is most sensible, namely that in the building of this bridge 50 per cent of the content of labour and material in so far as may be practicable shall be Canadian. I think when we are building a bridge in conjunction with the United States it is only reasonable to say that 50 per cent of the labour force will be Canadian, if that is practicable, and also that 50 per cent of the material content shall also be of Canadian origin.

We are very pleased to support this bill, and we feel that it will prove of great value to the people of New Brunswick, to the residents of Maine and to Canadians and Americans generally in the years ahead.

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, the minister has said that this bill is enabling legislation. Like the hon. member for Charlotte, I say this bill is very welcome, particularly to the people of the southwest corner of the province and the people of Campobello island. I think the population figure is some 1,176. The hon. member for Charlotte gave statistics as to the amount of traffic and the volume of fish taken across Campobello island to the mainland and to the state of Maine.

While I support this bill, when I looked at the map the thought occurred to me to ask whether much consideration was given to the fact that perhaps in the days to come there may be a connecting link from the mainland of New Brunswick to the state of Maine by means of bridges or causeways across the islands in this part of the province. If that should come about it would seem to me it would be more practicable to build the bridge from Deer island to Eastport, Maine. Deer island lies fairly close to the state of Maine, but not as close as Campobello. On the other hand it is much closer to the mainland of New Brunswick, as the main part of Charlotte county.

Be that as it may, I do not offer it as anything that can be regarded as an attempt

to object to the present bill. As I said before, I think everybody is in favour of it, and it is a bridge that is badly needed. When the bill is in committee I may have one or two observations to make. Perhaps at that time the minister may give us something more definite as to how the cost is to be shared. I did not quite catch his figures in his opening remarks. However, we can ascertain that when the bill is studied clause by clause.

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, it is not my intention to hold up the passage of this bill. Like the hon. member who has just spoken and also the hon. member for Charlotte, we in New Brunswick are very much interested with the construction of this bridge from Campobello island across Lubec channel.

The hon. member for Northumberland-Miramichi spoke about connecting all the islands with Eastport or some other point in Maine. Of course this is a good start along that line, and it may be practicable in future years. If it is I am sure the present government will give it every consideration. It would have to be very carefully studied as a matter of course.

I am very happy indeed that the people of those three islands, Grand Manan, Deer island and Campobello island, have been recognized by the proposed construction of this bridge. In days gone by there has been excellent water transportation between Saint John and St. Andrews and the islands. No doubt that will still be continued, but this bridge means very much to the people of Campobello. I have recommended it in the past and I was very pleased indeed to give what assistance I could to the hon. member for Charlotte in his advocacy of this bridge.

Campobello island has had quite an interesting history. As a matter of fact all the three islands there of which we are very proud have a long and interesting history. They are very important, too, as part of the great fishing industry of the bay of Fundy. Campobello, as you know, was the summer home of the late President Roosevelt. I have not the least doubt that the construction of this bridge from Lubec to Campobello will bring about a very extensive tourist traffic from the mainland to the island. But more particularly it will be a great convenience to the people on Campobello island who, as was clearly stated by the minister and also by the hon. member for Charlotte, become isolated after certain hours of the day and the people also have not the necessary conveniences which people in other parts of New Brunswick, or in other parts of Canada have.

As I said a moment ago, I am very happy that this bridge is to be constructed and that the dominion government is bearing its share of the cost of construction.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I too am not anxious either to oppose or hold up the bill. However, I do not think this is as routine a bill as some previous speakers have indicated. My recollection is that we have seldom if ever contributed to the construction of an international bridge. I do know that in the territory which I represent we have the United States across the Rainy river and for some years we have been interested in getting a federal contribution, probably jointly with the state of Minnesota and the province of Ontario, toward the construction of two international bridges which are badly needed in that area. We have always understood that since confederation this has not been one of the normal functions of the Department of Public Works. Therefore I hope when the minister replies he will indicate whether or not a new policy is developing in this respect.

As hon. members know, three or four years ago private bills were passed by the house for the construction of a bridge between Sault Ste. Marie, Ontario, and Sault Ste. Marie, Michigan, and so far it has not been possible to finance the bridge under the normal pattern that has prevailed at Niagara Falls, Brockville and other locations with which I am familiar. That pattern is that a private company usually arranges to obtain tax-free bond money from United States investors. The bonds are amortized over a period of years, and after they are paid off the bridge then reverts to the ownership of the people of the United States and Canada on a 50-50 basis. That has been the standard pattern. In the Rainy River district we have struggled valiantly to try to develop that kind of project, but we are having difficulty. Tenders were called two or three months ago and the costs were considerably greater than those estimated by the consulting engineers. That has caused a delay.

I think it is very important for people all across Canada to find out from the minister to what extent there are precedents for this type of federal contribution. We would be particularly happy to know that representations could be made from now on for federal contributions to bridges which have already been given approval in principle by the house but have not yet been constructed. I am thinking of the proposed bridges at Sault Ste. Marie and between Baudette, Minnesota, and Rainy River.

Mr. Green: Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Green: Mr. Speaker, I should like to say a very few words in closing the debate. First of all, with reference to the remarks of the hon. member for Assiniboia may I say that this is not a new type of bill. It is drawn in the standard form; and I would be unfair to my predecessor, Hon. Robert Winters, if I were to claim that we are adopting any new principle in bringing in a bill in this form. I am quite sure the hon. member will find that this is the standard form for an international bridge of this type.

The remarks of the hon. member for Kenora-Rainy River were very interesting, but in the particular case now before the house the dominion government has been paying a subsidy for transportation and has recognized a responsibility to do so. I would not care to give any undertaking that every community which wants a bridge over international waters can get it merely by filing an application with the Department of Public Works. I think that would be true no matter who formed the government. It may be that the hon. member tried this out on Mr. Winters; I do not know. In any event, I am afraid I cannot give any commitment of that type today. With regard to the bridge at Sault Ste. Marie, I think that is a toll bridge.

Mr. Benidickson: There is no bridge at all yet, but they are proposing to have a toll bridge.

Mr. Green: It is to be a toll bridge, and there was no question at all of the federal government participating.

Mr. Pickersgill: Before the bill passes, would the minister permit me to ask one question. I do not think he answered the question of the hon. member for Kenora-Rainy River with respect to whether this making of a financial contribution by the federal government was a new departure.

Mr. Green: No, Mr. Speaker, I believe it is not a new departure. In certain cases this has been a responsibility that has been recognized before.

Mr. Pickersgill: When I made statements like that in the past I was always asked to cite an instance. Could the minister do that?

Mr. Green: I believe one example is the bridge at St. Stephen, New Brunswick.

Mr. Benidickson: Since confederation?

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

New Brunswick-Maine bridge

On clause 1—*Short title.*

Mr. Chevrier: Could the minister give the house the total estimated cost of this bridge?

Mr. Green: The estimate of the cost is $1,050,000. That is without the additional approaches and without the road connections from existing highways. Of the $1,050,000 the state of Maine will pay half, and I believe will be assisted by the federal government in Washington. The share of Canada and the province of New Brunswick will be $525,000. In addition to the $525,000 there will be the cost of the additional approaches on Campobello island, which is estimated at $6,000.

Mr. Bourget: May I interrupt the minister. Is he speaking of the approaches connected to the bridge directly? There are approaches to the bridge, but does the minister mean some other approaches?

Mr. Green: This is the approach to the bridge itself. It is not a very big matter. It is only $6,000.

Mr. Chevrier: Could we have the total estimate?

Mr. Green: That is a total of $531,000, of which the federal share is two-thirds or $354,000, with New Brunswick paying the other one-third or $177,000. In addition, New Brunswick will pay the cost of a road connecting the present highway on Campobello island with the new approach to the bridge. That will cost $49,000, which brings the total of New Brunswick's share to $226,000.

Mr. Chevrier: Could the minister give me the total estimate of all works including approaches and roads?

Mr. Green: The Canadian share—

Mr. Chevrier: No; the total project, the United States and Canada.

Mr. Green: We do not know, of course, what the cost of the approach on the Maine side will be. The total Canadian cost, including the connecting road, is $580,000. The Americans will have to pay half the cost of the bridge, $525,000.

Mr. Chevrier: What is the figure of $1,050,000?

Mr. Green: I should have said that this is an additional approach on Campobello island. The main approaches on both sides are included in the total estimate of $1,050,000.

Mr. Chevrier: What is the figure of $1,050,000 which the minister gave earlier?

I asked what the total estimate was and the minister gave a figure of $1,050,000.

Mr. Green: That is the estimated cost of the structure, including approaches and engineering. The figure of $6,000 is for an additional approach on the Campobello island side.

Mr. Chevrier: Can the minister indicate to the committee who prepared these estimates, and on what they were based?

Mr. Green: There have been long conversations among officials of the government of New Brunswick, the state of Maine and the Department of Public Works, and these estimates are the result of the collaboration among the three groups of engineers.

Mr. Chevrier: Can the minister say how many contracts will be involved in the Canadian part of this project?

Mr. Green: No, we cannot state that yet, It has not proceeded to that stage.

Mr. Chevrier: Will it be one contract or more than one?

Mr. Green: I cannot say that, but tenders are being called, both in Canada and in the United States.

Mr. Bourget: May I ask the minister if borings and soundings have been made?

Mr. Green: I am not in a position to give the committee that information, but I have little doubt that such precautions will be taken.

Mr. Bourget: May I ask the minister if the department has seen the plans for the bridge? Is it to be a steel bridge or a concrete bridge? I cannot understand clause 4, which says that the location, borings and soundings will have to be approved by the department. How can the minister explain this estimate of $1,050,000 if no soundings or borings have been made and no plans are made? Would it be a concrete bridge or a steel bridge?

Mr. Green: As the hon. member knows, it takes some time to work out plans. In this case the design will take about six months. The ordinary practice, as he is well aware having had experience in the Department of Public Works, is to have an estimate of what the project will cost. It would be unwise to go to all the expense of having this design done until there has been an approval of the scheme. As yet no one has any authoritly to proceed to prepare for the construction of the bridge.

Mr. Bourget: I just cannot follow the minister. He gave us an estimate of $1,050,000. How could he arrive at that figure if no plans have been drawn, no soundings and no borings? It is just a figure taken out of the air. If you have no preliminary sketches how can you arrive at that figure?

An hon. Member: Ask Mr. Walker.

Mr. Green: As the hon. member knows, this is always done. There is a preliminary estimate obtained.

Mr. Bourget: I have been told the policy has been changed.

Mr. Green: I did not say there had been any policy change in connection with this at all.

Mr. Bourget: We have been told that in the committee.

Mr. Green: Not in this committee.

Mr. Brooks: May I say, Mr. Chairman, that the province of New Brunswick knows this locality very well indeed, as do the engineers of the state of Maine. This channel is about 400 feet wide; they know how long the bridge will be and how wide a bridge will be necessary. They know all about the soundings and whether or not it is a rock bottom. There is no guesswork in connection with the estimate as to what it might cost to build a bridge that long, that wide, in that depth of water. It is very easy.

Mr. Bourget: It is not very easy. You may know the width of the channel and the depth of the water, but you are not sure unless you have made borings. We have had that experience. Unless you have made borings you cannot know the depth of the rock, and that is very important.

Mr. Bell (Saint John-Albert): The hon. member is in the wrong committee.

Mr. Bourget: I am in the committee of the whole here, and I am trying to find out how the department can arrive at an estimated cost of $1,050,000 without having borings or soundings made, without knowing what kind of bridge it will be, reinforced concrete or steel. We have nothing here. We have an estimate of $1,050,000, yet no one has seen the sketches.

Mr. Argue: It sounds like the printing bureau.

Mr. Bourget: It sounds worse.

The Chairman: I must remind the members of the committee that in this committee we cannot discuss what is going on in another committee. We must try to discuss the bill that is before us, and not become involved in a discussion of how costs for various constructions were arrived at.

Mr. Chevrier: On the point of order—

The Chairman: I have the floor at the moment. I must ask hon. members to please confine their remarks to the bill being discussed.

Mr. Argue: On the point of order, I would ask Your Honour to give your ruling some reflection. As the Minister of Public Works has stated, it is estimated that the passage of this bill will involve an expenditure of $354,000 of federal money. Surely it is competent, on clause 1, for the hon. member for Levis, who has great experience in this field and wide knowledge because of his own training as well as his experience in the Department of Public Works, to ask the minister what I consider to be a very pertinent question, as to what prior knowledge the government has obtained before arriving at this very precise figure of $354,000. With great respect, although some of us have some other discussions in our minds, I would say that I do not believe the other discussion has been brought into this committee.

The Chairman: I really must say that what the hon. member for Assiniboia has stated has simply proven my earlier decision. I must ask the committee to discuss this one particular bridge. We cannot compare this bridge with what is happening in connection with the famous printing bureau, which is being discussed in another committee. I certainly agree with the hon. member for Assiniboia when he states that it is in order to discuss this particular bridge, and I must ask hon. members to discuss this bridge and this bridge alone.

Mr. Herridge: I want to speak for a minute or two in a quite different vein.

An hon. Member: One o'clock.

Mr. Herridge: I shall reserve my remarks until later.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Deputy Chairman: Shall clause 1 carry?

Mr. Bourget: I thought the minister would probably have some answer to the question we asked this morning prior to the luncheon recess.

Mr. Green: I checked up with regard to the preparatory work that has been done in connection with this structure. Apparently the state of Maine just recently completed a bridge of about the same dimensions. Hence they had a design which could be of use for this Campobello bridge. The work on the preliminary design was done by the government of Maine and that of New Brunswick. They had the estimate on the structural portion based on a tentative design which they were able to make as a result of soundings in which they found that there was a relatively firm bottom. It is believed that the bridge could be constructed on a pile type of foundation. No actual borings were done on the site.

If the bill becomes law, there will be detailed borings and they will take off a final design based upon them, from which detailed estimates will be made and plans and specifications prepared on which tenders would be called. Then, of course, there could be no final decision as to cost until the tenders were in. I point out that this is merely an enabling bill. Without such a bill nothing can be done leading to the construction of a bridge. The bill does not provide for the expenditure of any money. That would have to be done by an estimate, and of course that estimate would be subject to scrutiny by the house in the usual way. But there would be no point in getting final plans drawn if there is not the legislative foundation for the project.

In the bill which is being presented today that is all that is sought. It is merely an enabling bill. Once it has been passed there will have to be an exchange of notes between Canada and the United States. Then the state legislature will have to pass a bill; I believe they meet in January. If this enabling bill is not passed here at the present session there is a real doubt as to whether this bridge could be built. I am sure none of the hon. members would wish that to happen. Everyone who spoke on second reading spoke in favour of the bill. There is great importance in having it go through at the present session.

Mr. Bourget: I am quite in agreement with what the minister has just said, namely that it is only enabling legislation to permit the province of New Brunswick to enter into an agreement with the state of Maine. But in his remarks the minister also said that the cost of the bridge would be $1,050,000. I asked him at the time on what the estimate of $1,050,000 was based. There were no soundings, no borings and no plans.

Mr. Green: There were soundings; there were no borings.

Mr. Pickersgill: Made by whom?

Mr. Green: The soundings were made by the state of Maine and the province of New Brunswick.

Mr. Bourget: Even if soundings had been made, as an engineer I do not think that is the most important thing. From experience we know that what could be costly in the construction of a bridge are the piers, the foundation of the piers and abutments, because you never know what you are going to encounter. Even if the state of Maine had constructed a bridge 100 feet or 200 feet away from the location of the particular bridge mentioned in the bill, that does not mean that the solid rock would be of exactly the same nature in that particular location. It is necessary, and I do not think anybody will deny this statement, that borings be taken at that particular spot. I therefore cannot see how the minister can say the bridge will cost $1,050,000, because again there is no foundation for the estimate. He has not the information necessary to establish even an approximate estimate. What I am saying is said just to protect the minister.

Some hon. Members: Oh, oh.

Mr. Bourget: Oh, hon. members can laugh if they wish, but I am speaking from experience as an engineer. If the minister would ask his own chief engineer and his deputy minister, he would realize that what I am saying now is true. The minister has already mentioned that the share of the federal government will be $350,000. How does he know that? There are no plans, no sketches, no soundings, and no borings. The figure just came out of the air, that is all.

As I said, as far as our party is concerned we have no objection to the principle of the bill; far from it. However, we should like to have correct information about the cost of the bridge. That is what we want. I mention that point because the minister in his opening remarks stated that the cost of the bridge will be $1,050,000. Where that figure came from, nobody knows. Even the minister with the information he has is not in a position to tell us exactly where it comes from.

Mr. Green: The hon. member is not correct in that statement. I said this was an estimated cost at the present time.

Mr. Pickersgill: Estimated by whom?

Mr. Green: This cost was worked out as a result of examinations made by the state of Maine and the province of New Brunswick. Soundings were taken in which it was found that there was a relatively firm bottom. They reached the conclusion that the foundation could be of a pile type. No one is committed to spend one cent at the moment. This is merely a preliminary estimate. My chief engineer advises me that this is the regular procedure, and is the proper procedure.

Mr. Chevrier: Certainly it is.

Mr. Green: Once there is authority to undertake the bridge, then of course detailed borings will be made and the plans and specifications will be drawn. In the meantime the government is not committed to spend one cent. I told the committee frankly this morning that this was the preliminary estimate, and how could you have anything more? If hon. members wish the project to go ahead I would say to them that they should let this bill pass. If it is to be dropped—

Mr. Bourget: We are for it.

Mr. Green: —they will have to take the responsibility. I am advised by my officials, and I believe the chief engineer is one of the best men in Canada for this type of work—

Mr. Pickersgill: That is right.

Mr. Green: —that this is the way these preliminary estimates are made, and I should be unreasonable if I refused to accept that advice.

Mr. Bourget: May I say, Mr. Chairman, that as far as we are concerned we are for it. However, I just cannot see how the minister could give us an estimate of $1,050,000 when there is no plan and there are no borings. I hope he will ask his deputy minister or his chief engineer—

Mr. Green: I told the hon. member—

Mr. Bourget: The minister told me of soundings, and soundings are very different from borings.

Mr. Green: The state of Maine has built a bridge of approximately the same type.

Mr. Bourget: But not on the same site.

Mr. Green: No, but work has been done—

Mr. Pickersgill: There was another printing bureau built in California.

An hon. Member: The hon. member had better not mention the printing bureau.

Mr. Green: If it should be found as a result of further investigation that the scheme is going to cost more, naturally all governments concerned will have to consider whether they are going to go ahead with the project, and will be perfectly free to do so.

Mr. Chevrier: There are just one or two points about which I would like to ask the minister, and he will find very quickly that I am not in any disagreement with him but on the contrary I am in full agreement with some of the things he has said. In the first instance, I want it clearly understood that so far as we on this side of the house are

concerned, we are not opposing this bill. We are for this bill because we think it is a project which is in the general interest of the country.

The next point I would like to make is that I agree with the minister that it is only enabling legislation. The bridge may never be built, and this is to authorize the expenditure by the federal government of a certain amount of money.

Mr. Green: No, it does not authorize the expenditure of one cent.

Mr. Chevrier: It enables the federal government to enter into an agreement with the province of New Brunswick.

Mr. Green: No, no, it does not do that at all.

Mr. Chevrier: All right, perhaps the minister would explain.

Mr. Green: It enables the province of New Brunswick to enter into an agreement with the state of Maine.

Mr. Chevrier: Very well. I am corrected by what the minister has said; it enables the province of New Bunswick to enter into an agreement with the state of Maine for the construction of a bridge and I presume, from what the minister has said, that public funds voted by the parliament of Canada will eventually be paid in connection with the construction of the bridge. I could not agree more with the minister in respect of his statement that the practice followed by his department is that followed in respect of all projects, and I particularly refer to his statement that all this was a preliminary estimate and that you could not have any more at this time.

How could you? The project has not been gone into in the manner in which it should have been gone into, and it is therefore only a preliminary estimate; it is an intelligent guess, and it is not based on preliminary plans nor is it based on borings, as has been brought to the minister's attention.

Mr. Green: On soundings.

Mr. Bourget: There is a difference between borings and soundings.

Mr. Chevrier: If I might continue with what I was going to say, this is but a preliminary estimate, and when the time arrives for the determination of federal spending then the minister, I presume, will come forward with a detailed estimate based on complete plans of the superstructure and of the substructure of this construction on the Canadian side of the line, so we will be in a position at that stage, whether it is the second or third stage, to have before us all the details in connection with the project.

I was very glad, therefore, to hear the minister make the statement he did, particularly when he said it was a matter of practice in the Department of Public Works and that there was no change in policy, and with that statement I am in perfect accord.

Mr. Green: I said on projects of this kind.

Some hon. Members: Hear, hear.

Mr. Smith (Calgary South): We are not in the public accounts committee now.

Mr. McMillan: I understood the minister to say that this was the second international bridge built between the province of New Brunswick and the state of Maine; I think he referred to the one at St. Stephen, to which the federal government made a contribution. Most of the international bridges in the province of Ontario are fully paid for by that province, and at the present time there is talk of building another bridge across the Niagara river. Would the federal government give any consideration, if requested, to paying to Ontario two-thirds of the cost thereof?

The Deputy Chairman: Order. I must ask the hon. member for Welland to stick to the bill regarding this bridge.

Mr. Pickersgill: Mr. Chairman, I would like to continue with the point raised by the hon. member for Levis. We have been told by the minister and also by his colleague from New Brunswick, who is not now in the chamber—I hope I am not misconstruing anything he said—that the New Brunswick government knew all about this and that they had built other bridges and so on. We have now been told by the minister that he got some data from the government of the state of Maine, and that on this basis—

Mr. Green: And from the government of New Brunswick.

Mr. Pickersgill: Oh, yes, and from the government of New Brunswick. I do not want to be unfair in any way. In fact I want to be scrupulously fair about this matter, following an excellent example set for us in another place.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I want to get the facts straight and nothing but straight. In other words, there is absolutely no information in the possession of the minister's department which has been procured by his own officials on the site. Am I right in that assumption?

Mr. Green: I am not in a position to say to what extent the actual surveys were made

by officials of the Department of Public Works, but they were made by duly qualified engineers—certainly those of the government of New Brunswick and the state of Maine were well qualified—and all this information has been checked by our public works engineers. We have a tentative design in the department, and the officials have checked this preliminary estimate and they are satisfied with the information which has been furnished to them.

Mr. Pickersgill: In other words, the minister believes that although no borings have been taken on the site and although there is no certainty as to where the piers for this bridge will have to be placed or how deep they will have to go, the estimate he has given us is an approximate estimate of what the cost of this project is likely to be; a good estimate, an estimate that will come somewhere close to what this structure will cost. I take that to be what the minister has been telling us, and that if he were not satisfied that this estimate is likely to turn out to be pretty close to the actual cost he would not be sponsoring this legislation at the present time.

I think we should not be misled; the minister has a very—I was going to say endearing, but perhaps that is a strong term to apply to the minister—a very insinuating way of implying things in this house without precisely saying them, and he has told us that no money will be spent on this project until an estimate is brought before the house and it has been fully considered and voted by this house. I doubt, however, that this would necessarily be the case, because it does not appear to me from this legislation that there will be any necessity of voting money until the stage arrives when the money is to be reimbursed to the government of New Brunswick.

I say this because if I do not misconstrue the legislation—and if I have misconstrued it the minister will correct me—this structure is to be built jointly by the government of New Brunswick and the government of the state of Maine.

When it has been built, the federal government will make its contribution to the cost. Therefore it would be quite possible for us to be faced with expenditures already made, as we have already been faced in this session with billions of dollars of expenditures which had already been made before parliament had had any voice in the matter. We would be faced with a *fait accompli*, and we would have no control over the situation. We would be told either you contribute or you don't; the money has been spent, and you can do nothing about it.

[Mr. Green.]

It seems to me this could easily happen under this legislation. The legislature of the state of Maine will meet, the minister says, some time next winter. They might want to get ahead with this bridge next summer. Our parliament might no longer be in session. The bridge might be one-third built before this parliament knew anything about the matter. There does not seem to be any safeguard in this bill to ensure that this would not happen.

It is true, as the minister has said, that we are not authorizing the expenditure of any money here. But we have had a little experience already of the relations between this government and the government of New Brunswick. We passed legislation in the last parliament, as will be recalled—and I am simply using this as an illustration, from analogy, of what might happen under this bill—lending $30 million to the government of New Brunswick to pay for a project which was already practically completed and over the expenditures concerning which we had no control in this parliament.

Mr. Bell (Saint John-Albert): Well, we got nothing out of the Liberal government for 23 years.

Mr. Benidickson: What about your St. Stephen, N.B. bridge replacement in 1956?

Mr. Pickersgill: I may say I think the hon. member for Saint John-Albert ought to get himself put on the public accounts committee. He would be quite at home there.

Mr. Bell (Saint John-Albert): At least if I were on that committee I would go to the meetings.

Mr. Benidickson: Perhaps because you have nothing to do here.

Mr. Pickersgill: What I am saying here is that we may very easily find ourselves in parliament in 1960, when the estimates of the minister's department come up for consideration, faced with an item in those estimates to pay for a bridge which is already half built, and parliament will have no opportunity to do anything about it.

That might not be so serious if there were some limit on what the federal expenditure might be, but under this open-ended commitment which the minister has been talking about there is no question but that after this debate today there will be an implied obligation on the part of this parliament to give the financial support which the minister indicated in his frank and forthright statement it is proposing to do, and I give the minister full credit for having made that statement. It does seem to me we are embarking on a very dangerous course which might end up by our being faced with the

expenditure of moneys which will have to be raised from the taxpayers of this country, moneys which will already have been spent by another government and another jurisdiction, over which we shall have no control whatsoever.

I think this was one of the reasons why my hon. friend from Levis was so concerned about the accuracy of this estimate and the completeness of plans and specifications. I think he has good reason to be concerned, because we know that the estimates in the minister's department are not always completely accurate; and if we have any doubt about that we could not have a better illustration than one which appeared in last evening's *Citizen* about a certain cafe or cafeteria on which the minister's department made an estimate of $700,000—

Some hon. Members: Order.

The Deputy Chairman: Would the hon. member for Bonavista-Twillingate explain to me how he relates a cafeteria to a bridge?

Mr. Pickersgill: I suspect, sir, that your attention must have been distracted for just a moment from what I was saying. I was talking—

An hon. Member: Just talking.

Mr. Pickersgill: I was talking about the estimate which the minister gave us for this bridge, and I was saying that estimates of that character—estimates without complete plans, without final specifications have been made and even estimates with them—can sometimes be very inaccurate. I was illustrating that from a very recent experience, not from an experience of 12 or 15 years ago but an experience about which we learned only yesterday, when the minister's department, after the plans and specifications for the job were completed—

Mr. Green: I must raise a point of order. This has nothing to do with the bill before the committee, and the hon. member has no right to be arguing along those lines. If he can raise a point with regard to one building he could argue in connection with this bill matters having to do with every structure built by the Department of Public Works across Canada. That shows how far out of order the hon. gentleman is in trying to argue in the way he is doing.

Mr. Pickersgill: Would the chairman hear me on the point of order raised by the minister. My position is this. We have been presented here with a project and we have been told by the minister that this project will, he estimates, cost $1,050,000. We have been inquiring into the basis of the minister's estimate, and we have not been very well satisfied with the information we have as to the basis of that estimate, and I was suggesting that it might be very wide of the mark, that it might be a very long way indeed from what this project may cost.

In order to give substance to that argument I was not going far afield; I was illustrating from something which happened very recently in the minister's own department. Surely if we are going to be so circumscribed that we cannot compare one thing with another there can be no debate in this house, and we are moving toward a one party state which seems to be desired by some people in this house.

The Deputy Chairman: I do not think the hon. gentleman should read a newspaper report which may or may not be correct. The Chair does not think he should read these newspaper reports which may or may not be factual in these circumstances.

Mr. Pickersgill: I was not going to read a newspaper report at all. All I was going to say was that this building was supposed to cost $700,000—

Some hon. Members: Order.

Mr. Pickersgill: And the lowest bid was well over $900,000, which shows how inaccurate these estimates can sometimes be.

The Deputy Chairman: I do not know how the cost of a building has anything to do with the cost of this bridge. I cannot see that it does, and I think I will have to ask the hon. member to stick closer to this particular bridge that we are discussing.

Mr. Pickersgill: I am very happy indeed to do that.

Some hon. Members: Carried.

Mr. Pickersgill: I come back now to my main preoccupation, which is that under this legislation and in line with the intention announced by the government it will be possible for this bridge to be built before any estimate ever appears before this committee for consideration. I think we should have some kind of assurance from the government or some kind of safeguard in the bill, one or the other, that this will not happen; that this project will not be embarked upon, if there is to be any federal contribution to it, until we have had before us full and complete detailed plans and detailed estimates of costs and an agreement with the province about the sharing of costs on which this parliament can pass before the work is done.

Mr. Green: The hon. member has considerable ability. He has been a friend of mine for many years, but I would point out to him with great kindness that if he is not

more careful than he has been in recent days he is going to be considered as advocating a one man parliament, let alone a one party state about which he talks so much.

He has had experience as clerk of the privy council; he knows very well what happens, and he should not try to pull the wool over the eyes of many other members in this house, to lead them to believe there is something that is not just quite right about this whole transaction. This is merely enabling legislation. The federal government has the right to approve or reject plans which are agreed upon between the province of New Brunswick and the state of Maine. Those plans have to be approved by the governor in council.

If and when that is done I presume the procedure would be to put an amount in the estimates for the current year, I hope for the next fiscal year. The government of the day has to take the responsibility for doing that, and then it has to justify that expenditure when it comes to the House of Commons. If the members decide that the estimate is not a proper one, then the government will be defeated. This is the democratic process.

This suggestion that we should give a commitment on this and a commitment on that before this enabling bill is allowed to go through is childish, nothing more nor less than childish. Of course it might look all right in the press; for the moment it might impress somebody who has not had any experience in the House of Commons, but I am afraid that in making arguments of this kind the hon. member is not being very helpful. If he does not want this bridge built, if his aim is to kill the bill and stop the province of New Brunswick and the state of Maine from undertaking a venture of this kind, that is one thing. Mind you, his talk this afternoon makes me wonder whether or not that is the fact.

Mr. Chevrier: Why does the minister not stick to the facts?

Mr. Bell (Saint John-Albert): The hon. member is against everything in the maritimes.

Mr. Green: Surely if everybody is in favour of this bill, and the normal practice is being followed by the present government and by the Department of Public Works, I do not see what the hon. member is whining about. I go right back to the statement I made some weeks ago, that in order to be effective in opposition you must learn the art of whining —I was good at it myself—but you must have something to whine about, and the hon. member does not have anything in this.

Mr. Pickersgill: I cannot believe the Minister of Public Works would consider that talking about the rights of parliament, so long as he sits in the cabinet with the present Prime Minister is something that is improper. Under our British system of government it is not for the government to decide finally what will be spent; it is for parliament to decide what will be spent. It is true that this government, having spent so many billions of dollars without the prior approval of parliament, has perhaps got the habit and has perhaps forgotten that even though the opposition is small it has still a duty to criticize any actual and also any potential expenditures and any commitments for expenditures. All I was pointing out was that it would be quite possible for this bridge to be partly built before one dollar ever appeared in the estimates. Parliament would then be faced with a *fait accompli* and the minister has done nothing whatsoever to reply to that argument.

Mr. Crestohl: One thing is abundantly clear, namely that everyone is in favour of the bill.

Some hon. Members: Oh, oh.

Mr. Crestohl: Everybody has said so.

Mr. Pallett: Everybody but the Liberals.

Mr. Crestohl: The agreement which the minister has mentioned could do him a disservice, and let me point out why. He says it is regular practice to make a rough estimate of a project, and it is sensible that it should be so, even before the final plans and specifications are cleared. We have learned that quite recently, and the minister is quite right when he says that. But I think a disservice to the minister could result if we do not put this bill through properly, because some day he may be facing the tender attention of the hon. member for Rosedale if the matter should come before the public accounts committee.

The Deputy Chairman: Shall clause 1 carry?

Mr. Benidickson: Earlier I asked the minister about some precedents for a federal contribution of this kind. During the noon recess I examined the bill. I am not sure whether the authorization is based on the Navigable Waters Protection Act, as some of the private bridge bills have been in the past, or whether it is by reason of the information he gave us when he spoke on the introduction of the resolution, namely that there would be a federal contribution.

I point out that this feature perhaps makes this bill decidedly different from the two bills to which I referred this morning, namely the bill incorporating the Baudette and Rainy River Municipal Bridge Company and the St. Mary's River Bridge Company. This morning I was not sure that the minister was too well acquainted with the situation with respect to an international

bridge at Sault Ste. Marie. It was with reference to that location that the St. Mary's Bridge Company came to this house and received authorization in a private statute. I ask the minister whether or not one of the key points in his negotiations with the province of New Brunswick respecting a federal grant was the stipulation which we shall come to subsequently, namely that if there is a federal contribution it will be a toll-free bridge? Was that a stipulation on the part of the federal administration?

Mr. Green: Oh, yes; this is to be a toll-free bridge. That is contained in clause 3 of the bill.

Mr. Benidickson: That is the point, Mr. Chairman. So far as I can find out, everywhere else in Canada people are obliged to build an international bridge by use of the device that is outlined in Bill No. 115 of the 1955 session, which refers to the Baudette and Rainy River Municipal Bridge Company.

I believe the province of Ontario has been just as loath or reluctant to make contributions to international bridges as the minister indicated has been the history of the federal administration since confederation. I am not completely up to date in my research because of the lack of time during the noon recess, but I do have here a return of the Ontario legislature dated April, 1954, in which this question, No. 56, was asked and answered in the Ontario legislature:

> What is the policy of the government relative to making any financial contribution toward the cost of construction of a bridge across an interprovincial or international river?

There were some other questions but for the sake of brevity I will not read them. The minister of public works for Ontario replied as follows:

> No statutory provision. No financial assistance granted through the department of public works for new construction of an interprovincial or international bridge since 1947.

The actual contributions made over the years before 1947 were very small indeed. I believe that since that time the province of Ontario has entered into an agreement with the province of Quebec and the federal government with respect at least to the bridge at Pembroke and perhaps another bridge. I am just indicating again that this proposal is something very rare indeed so far as national policy is concerned.

I say that I am not opposed to it. If the minister will say forthrightly that he is now embarking on a new policy that will be applicable equally, where circumstances warrant it, in other sections of the country, I think the house will applaud such an assertion. But the point I want to make is that everywhere else in Canada where a means of crossing an international stream is required, it is necessary for private individuals to undertake through private companies the construction of a toll bridge. The public pays the cost of such bridges. I simply want to know whether or not, if the province of Ontario changes its mind and decides that it is willing to enter into agreements with the state of Michigan and the state of Minnesota—

The Deputy Chairman: Order. I will have to ask the hon. member to come back to the bill respecting a bridge between the province of New Brunswick and the state of Maine.

Mr. Benidickson: Mr. Chairman, I do not think we can accept the bill unless, as we normally expect in the federal arena, we have some assertion that the principle and policies of the bill will be generally applicable. I simply raise this question. If the province of Ontario decides, contrary to its announcement of about six weeks ago—

Mr. Green: The chairman ruled against you and you are going on.

Mr. Benidickson: No, he has not ruled against me. I am saying there is an analogy here. I need satisfaction from the minister. I need answers from the minister at this stage of the debate before I can properly exercise my responsibility in voting upon subsequent clauses of the bill. This bill relates to the construction of a bridge in a certain section of Canada. I simply ask the minister whether, if Ontario changes its view about the construction of toll bridges at Sault Ste. Marie and Fort Frances and agrees to toll-free bridge construction, would a similar contribution be available from the federal government on the basis of this bill and this principle, which I say is rare and new, if traffic statistics and other things indicated that it was justifiable?

Mr. Green: I point out to the committee, as has been pointed out already by several hon. members, that this is a case where 1,200 to 1,500 Canadians are living on an island off the coast of Maine and their means of transportation to the mainland is by ferry to the state of Maine. There are occasions when people have become seriously ill and have had to be taken over by boat. I believe some very tragic incidents have happened because there has been no bridge there.

Mr. Benidickson: I am sympathetic to the bill.

Mr. Green: There is not the slightest comparison with conditions in other parts of Canada where thousands, perhaps hundreds of thousands, of tourists travel every summer and are in a position to pay the cost of a toll bridge. This is a case which should not

be confused with bridges in other parts of Canada. The government has no apology whatever to offer for proposing to undertake this project. At nearby St. Stephen, New Brunswick, an international bridge was built and the whole of Canada's share of the cost was paid by the federal government. The province of New Brunswick was not asked to make any contribution at all. There are other cases in New Brunswick of older bridges where there were different degrees of co-operation between the federal and provincial governments in order that an international bridge might be built.

This is the situation with regard to the proposed Campobello-Lubec bridge. The hon. member for Kenora-Rainy River knows very well that I cannot be tempted into making a commitment to build a bridge in his riding or to contribute toward a bridge in his riding simply because we are taking this step—

Mr. Benidickson: I referred to situations outside my riding.

Mr. Green: —to help the people of Campobello island.

Mr. McWilliam: Has the minister the figure available as to the amount of the ferry subsidy?

Mr. Green: It varies slightly. It is about $8,600 per year.

Mr. Benidickson: The minister referred to the St. Stephen bridge in New Brunswick, but I have found there are also others at such places as St. Croix, St. Leonard, Clair and Edmundston, all in New Brunswick, which were constructed with some form of federal assistance provided through votes or bills such as we now have before us. Is there any reason why all the precedents happen to be in the province of New Brunswick? Is there some pre-confederation agreement that applies to New Brunswick and therefore would rule out a similar grant in any other province.

Mr. Green: I do not know what the hon. member has against the province of New Brunswick.

Mr. Benidickson: Now, Mr. Chairman, the minister is putting words in my mouth. I said I had no objection to the passage of this bill, but I was hoping that something similar would be available to other provinces. I asked him a straightforward question. I am sure that before he decided to recommend the expenditure of this amount of money to his colleagues he must have looked at some of the precedents and the law that would apply. I simply ask him a straightforward question. Has he determined that there is some special reason why all the precedents with respect to federal contributions to international bridges happen to apply only in the province of New Brunswick?

Mr. Green: No, Mr. Chairman, there is nothing. That question does not really arise at all. This project was undertaken because it was considered to be a proper project for the federal government to assist. I presume that earlier governments which gave assistance to other projects were of the same opinion. The hon. member must bear in mind that there are very few provinces in Canada in which any international bridges are situated.

Mr. Benidickson: What about Ontario, with its hundreds of miles of international boundary?

Mr. Green: Poor old Ontario has a hard time, I admit, but we are spending quite a lot of money in Ontario too.

Mr. Benidickson: I think the premier of Ontario will be coming to see the Minister of Public Works very shortly with respect to the Sault Ste. Marie, Fort Frances and Rainy River bridges.

Clause agreed to.

Clauses 2, 3 agreed to.

On clause 4—*Plans and drawings to be submitted.*

Mr. Chevrier: I should like to move an amendment to this clause. I move:

That section 4, subsection 2, be amended by inserting after the word "council" in line 8 the following words: "and public tenders have been called."

I should like to say a few words on the amendment, Mr. Chairman. It is one which I feel should go into this clause. I hope the minister will not have any objection to it. If not, then perhaps we can dispose of it without anything more being said.

Mr. Green: The tenders will be called, I presume, by the province of New Brunswick. Of course the dominion would insist that proper procedures be followed. In view of the fact that there are several governments concerned we could not accept this amendment. It does nothing to improve the practice with regard to the construction of the project. As the hon. member knows, public tenders always are called, certainly by the federal government, and I think it would be quite inappropriate to put that in this bill.

Mr. Chevrier: It does nothing to improve it, but it simply affirms the position, and there would be no harm in doing that.

Amendment (Mr. Chevrier) negatived: Yeas, 23; nays, 64.

Clause agreed to.

On clause 5—*Labour and materials.*

Mr. McWilliam: Clause 5 says:

Where available in Canada, Canadian labour and materials, to the extent of 50 per cent, as nearly as may be, of the cost of such labour and materials respectively, shall be employed in the construction of the bridge,—

Would the minister consider adding after the word "respectively", "with preference for local labour and materials so far as it is possible to do so".

Mr. Green: This is a provision which is found in the ordinary contracts of the Department of Public Works. There would be no need to insert that in the bill.

Mr. Benidickson: With respect to this matter of construction, which involves the cost of both labour and materials, I do not know whether or not the committee is aware of the fact but when a bridge is constructed on the basis I previously outlined, namely by a private bridge company, the private bridge company is also obligated to provide accommodation for governmental inspection services on an international basis. Has the minister given consideration, in his discussions with the province, as to what the situation would be here? In so far as the federal customs and immigration facilities at either end of the bridge are concerned, are they to be part of the estimate of $1,050,000 to be shared jointly, or would facilities of this kind, unlike the obligation of a private bridge company, be solely at the expense of the two federal governments?

Mr. Green: I do not think they would be. We will bear that in mind.

Mr. Benidickson: The minister does not think they would be what?

Mr. Green: I presume the United States would have to pay for their own customs and immigration buildings, and we would have to do the same.

Mr. Benidickson: Is it not likely that the cost of the examining rooms on the Canadian side of the bridge or even on the United States side would be part of the estimate of a little over a million dollars, which the minister indicated would be the cost of construction?

Mr. Green: I am not sure about that, but I do not think the province should have to share in the cost of any such buildings.

Mr. McMillan: I want to ask one question. Would the federal government assume any maintenance costs after the bridge is built?

Mr. Green: I am not sure about that. I think the maintenance costs would have to be borne by the province.

Mr. Benidickson: See clause 3.

Clause agreed to.

Clause 6 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

66. Administration, $565,938.

Mr. Chevrier: May I ask the minister, since this is a matter concerning Indian lands, how many islands in the international section of the St. Lawrence river were affected by the power development? What were they, and how much compensation was paid to the federal government by Ontario hydro?

Mrs. Fairclough: I will secure that information for the hon. member as soon as the officials have appeared.

Mr. Pickersgill: When the officials come, could the hon. lady tell us the point she has reached in the negotiations with the St. Lawrence seaway authority over the Caughnawaga expropriation, a subject that is not exactly simple, as I think the hon. lady would agree?

Mr. Chevrier: If I may add to that, Mr. Chairman, I noticed recently that there were a number of things being done around the Caughnawaga reserve arising out of the St. Lawrence seaway construction program. I should like to inquire from the minister just what expenditures were made, either by her department or at the request of her department by the St. Lawrence seaway authority: (1) to construct a drainage system; (2) to construct a sewage system; (3) to construct a water system for the village of Caughnawaga.

Mrs. Fairclough: With regard to the first two questions which the hon. member for Laurier asked with reference to the number of islands and the compensation, I am advised by my officials that we do not have that information in the house. However, we will secure it for the hon. gentleman.

The Deputy Chairman: Shall vote 66 carry?

Mr. Pickersgill: No, no. The hon. lady was going to tell me about Caughnawaga. I think we ought to keep the Minister of Transport here because he is the other party.

Mr. Chevrier: He has a faculty of coming in and going out.

Mr. Pickersgill: I think we ought to keep the Minister of Transport here because he is very much interested in this matter.

Mr. Green: He is coming back.

Mr. Chevrier: I think the Minister of Transport should be sitting with the Minister of Citizenship and Immigration.

Mrs. Fairclough: I might advise the hon. member that he could ask these questions of the Minister of Transport because I think probably they are more properly related to his department than to mine. But in so far as compensation is concerned, I am told that a total of 214 individuals are entitled to compensation as a result of expropriations made by the St. Lawrence seaway authority and that as of August 20 settlements have been reached with 195 individuals.

Mr. Chevrier: For how much?

Mrs. Fairclough: We do not have the amount. However, we can get that information very shortly.

Mr. Pickersgill: I must say that, generally speaking, I find myself in substantial agreement with my friend and colleague the hon. member for Laurier. But when he was chairman of the St. Lawrence seaway authority we could never quite see eye to eye on this subject because I felt that my primary duty was not as a minister of the crown but as superintendent general of Indian affairs; and I took the view that we could never have final settlement with the St. Lawrence seaway authority until all the Indians had been satisfied. I trust that the hon. lady is holding firm in the same way I did, is not yielding to the importunities of the Minister of Transport or the present chairman of the St. Lawrence seaway authority and is not sacrificing any possible rights of the Indians. I am sure she is doing so.

Mrs. Fairclough: The hon. member is quite right. We are not satisfied until proper compensation has been paid to all of them; until they are happy.

Mr. Pickersgill: Perhaps the hon. lady has gone a little bit far in saying "happy".

Mrs. Fairclough: I will say "satisfied". Maybe I did go rather far.

Mr. Pickersgill: I was quite sincerely trying to help the hon. lady when I said that, because I know what a difficult thing this is. I am not in the least seeking to be contentious about it. All I wanted to do was to be quite reassured. The hon. lady will no doubt recall that when I was in the position which she is in I gave on behalf of the administration of that day, an assurance that, notwithstanding the legal rights of the matter, any Indian who wanted to take his case to the exchequer court would in one way or another be given the facility of doing so by the government. I should like to be sure that that will be the policy of the present administration as well.

Mrs. Fairclough: This matter has not come to my personal attention until now but I am informed that we are consulting at the present time with the Department of Justice on the matter.

Mr. Chevrier: There was some information that I required earlier about what was being done around the village of Caughnawaga in connection with water facilities, sewerage facilities and drainage facilities. Here perhaps the minister would allow me to say that I should like to commend the officers of her department, particularly the person who holds the position of superintendent general of Indian affairs, for insisting upon the protection that the Indians should get in so far as their rights were concerned. A while ago I referred to the superintendent of Indian affairs. I should have called him the director of the branch. He is the person I had in mind. Not only did he look to the interests of the Indians of Caughnawaga in so far as the project of the seaway was concerned but he insisted upon greater facilities being given to the Indians than they then possessed. While we could not see eye to eye with that point of view at the beginning, we gradually came around to it because we felt that here, while legally speaking the Indians were entitled to a replacement in kind of the facilities they possessed, nevertheless in this day and age the facilities which they received were far better than those which had existed in the past. Because of that consideration I believe water facilities and sewerage facilities were given to the reserve. I see now by the press that a contract is being advertised for drainage in connection with the village. That is why I should like to know from the minister what were these three items of expenditures that were made either at the request of her department to the St. Lawrence seaway authority, or by the seaway authority itself. Perhaps the minister cannot give that information to me at once but it may be that before the termination of the discussion of her estimates she can do so. I should like to be brought up to date on those items.

Mrs. Fairclough: With regard to sewage and water, may I say that the seaway contributed $200,000 to this project and the government $50,000. The project is now complete. In so far as drainage is concerned, that is a matter that is at present under consideration as the hon. gentleman apparently knows.

Mr. Chevrier: I know only what I saw in the press. How much will it cost?

Mrs. Fairclough: We do not know until the tenders are in. We have called for tenders on it.

Mr. Chevrier: Is there not an estimate of the cost?

Mrs. Fairclough: We think about $25,000. But of course until we get the tenders in, we cannot tell.

Mr. Chevrier: What about water? Provision was made for giving water to the Indians during the course of construction. What did that cost?

Mrs. Fairclough: The individual connections are now being arranged. Arrangements are being made with the branch to handle actual mechanics of the connections.

Mr. Chevrier: What was the cost?

Mrs. Fairclough: The individual will pay for the individual connection to the main. However, the actual work will be handled by the department.

Mr. Chevrier: I think there is a misunderstanding. What I had reference to was the contamination of the wells during the course of construction. It was so serious a matter that at one time we feared there might be an epidemic and we were obliged to provide water at the time. I wondered whether that project had been completed and what it cost.

Mr. Small: May I ask the hon. member for Laurier a question? Would not the health authorities of the province, including the sanitation officers, insist on that being done whenever a new subdivision is going up? Would that not be insisted upon by the province, that proper water and sewers and so on be put in before they built any homes?

Mrs. Fairclough: The actual installation of water services, that is the main service, was included in the figure I gave.

Mr. Chevrier: In the $250,000?

Mrs. Fairclough: Yes, and the individual connections, of course, are the responsibility of the individual occupant.

Mr. Pickersgill: I wonder if the hon. lady recalls the questions I asked last Saturday about education, scholarships and economic developments?

Mrs. Fairclough: Yes, Mr. Chairman. I prepared some answers to those questions which I shall be glad to give the hon. member. He raised the question of progress being made in joint education and in the scholarship plan designed to encourage promising Indian students to enter universities and other institutions of higher learning. During the fiscal year 1957-58 fifteen agreements for joint schools were completed at a cost of $949,747 to the Canadian government, involving 1,000 children. For the current year seven joint agreements have been approved, six are now under consideration and data is being gathered on nine more, making a total of 22 for the current fiscal year, involving approximately 900 children.

The number of children enrolled in provincial and private schools in 1956-57 was 6,272, and in 1957-58, 7,330. It is anticipated that 8,500 Indian children will attend non-Indian schools in 1958-59.

Mr. Pickersgill: Just for the sake of continuity, does the hon. lady happen to have the total number of Indian children attending school, because I think it would be nice to have that on the record right at this point.

Mrs. Fairclough: Attending all schools?

Mr. Pickersgill: Yes, so that we might have the proportion at the joint schools.

Mrs. Fairclough: The total is 37,537, and that includes day, residential and non-Indian schools; at day schools there are 20,125, in residential schools 10,082 and, as I have said, in the non-Indian schools 7,330.

Mr. Pickersgill: So that steady progress is being made.

Mrs. Fairclough: Yes. Reference was also made to scholarships. The department has awarded 14 scholarships. These 14 scholarships are included in the number of 403 Indian students enrolled in professional and other courses and they were awarded simply on the basis of outstanding scholastic ability. These scholarships are in addition to the amount given as a tuition grant to Indian pupils who required it.

Mention was made of vocational training. This practical aspect of the educational process is gaining impetus with increasing numbers of Indian boys and girls enrolled in trade and vocational schools throughout Canada, the cost of their tuition being provided by the department. Last year in our Indian schools 2,620 boys were instructed in the fundamentals of woodworking and motor mechanics, while 3,226 girls received instruction in home-making, cooking and sewing. This type of practical education is being extended into the adult field. Last year over 500 Indian men and women participated in similar courses on Indian reserves.

I am pleased to assure the hon. member that the economic development program which has been established by the Indian affairs branch is being vigorously pressed forward and that substantial progress has been made

during the past year in assisting and encouraging the employment of Indians in a variety of occupations in non-Indian communities.

Additional placement officers have been appointed and there are now six regional placement officers and a senior placement officer at headquarters to carry on this important work. The placement officers are largely concerned with the problem of selection of suitable Indians for employment in urban centres. Rural placement has not been overlooked and the fur supervisors employed by the branch were recently reclassified as field officers with the added responsibility of assisting in placement work in rural areas.

Up to the present emphasis has been placed on careful selection of Indians where individual placements are concerned and this policy necessarily should continue for some time to come. In other words, we have emphasized policy rather than the quantity of candidates placed on the grounds that they must prove their worth to employers as well as their adaptability in the non-Indian communities so that those who come after may find ready acceptance by the employer and the community generally. In addition, it has been necessary to develop procedures to recruit and train staff and to establish liaison with employment agencies and employers generally.

From April, 1957 to July, 1958 there is a record of 150 Indians successfully placed in permanent urban employment, of whom 117 were in skilled trades. Our records also show group placements of 788 Indians in agriculture, construction, road-clearing and lumbering. These figures represent only the employment achievements of the new program in its first year of operation. It should be understood that a large number of Indians continue to find work on their own initiative and through the assistance of the Indian agency organization in the field and are not included in these figures.

I should mention that the education division of the Indian affairs branch has been instrumental in providing vocational training and in arranging on-the-job training, and that the results of courses in carpentry and other technical trades have been encouraging. For example, of 29 graduates from the Vancouver vocational institute referred for placement, 26 were successfully placed in permanent employment. The practice of developing the educational standards and technical skills of Indians to fit them for employment in trades which provide greater opportunities will be continued and expanded as time goes on.

I should like to refer briefly to a few group placement projects which will illustrate the progress made in this field. For several years there has been an influx of Indians to southern Alberta to assist in the cultivation and harvesting of beet crops. The numbers have increased each year. Last year approximately 600 were employed and this year the objective is to recruit 1,000 Indians, not only from northern Alberta but from Saskatchewan. Arrangements were carried on through liaison with the national employment service which was responsible for the actual movement of the Indians.

Last winter through co-operation with the Department of Northern Affairs and National Resources and the Department of Public Works the Indian affairs branch supervised the clearing of 24 miles of right of way between Fort Rae and Yellowknife in the Northwest Territories. One hundred and twenty Indians were employed at one stage or another and earned a total of $58,000. This was of great assistance in reducing the number of relief recipients in the area. In addition, 250 Indians were employed by a private contractor in clearing work in the same general area. In both cases the Indians' work performance was reported to be very satisfactory.

Substantial numbers of Indians are employed in the International Nickel project at Thompson, Manitoba and an Indian community has grown up at Schefferville, Quebec, the centre of the important iron ore project there. Elsewhere Indians continue to be employed in mining operations, both above and below ground, and in railway construction and maintenance, as well as in many urban occupations.

Employment opportunities are of course dependent to a considerable extent on the general level of business activity and we look forward to an increase in the number of Indians employed off reserves during the forthcoming year. The goodwill and support of employers are most important in expanding the placement program. In this regard I feel I should mention a letter received a few days ago from a mine manager in the province of Quebec who, on the basis of successful employment of Indians in his mine, has asked our assistance in referring to him an Indian who could be trained for a supervisory position in that mine. This is only one instance of the results which can be expected through confidence gained from satisfactory experience with Indian labour. It is anticipated that as this program develops there will be increasing recognition of the important contribution which the Indian labour force can make to the development and expansion of the Canadian economy in a wider range of pursuits and occupations.

I should also refer to the questions asked by the hon. member for Cape Breton North and Victoria with regard to drinking water facilities for Indians on the Eskasoni reserve. The department has been seeking a satisfactory solution to this problem and on technical advice came to the conclusion that the only permanent and satisfactory method of meeting water supply needs would be the installation of a water pressure system rather than reliance on drilled wells. To this end the Indians have agreed to meet partial cost of the installation from their band funds. It is estimated that the installation will cost in the neighbourhood of $100,000.

Mr. Pearson: As the minister no doubt knows, for many years there have been Indian boys' and girls' high schools conducted by the Jesuit order at Spanish, Ontario, and these have done a great deal of good by providing for the education of Indians of Wikwemikong, Shequiandah, and Kaboni on Manitoulin island, and along the north shore as well as for some non-Indian students. These high schools are now about to close. I am sure that all those in the area will understand the reason for this, though they will regret the necessity. Can the minister tell us whether any provision will be made for the high school education of children who have in the past been going to these schools.

Mrs. Fairclough: If the hon. Leader of the Opposition will agree, perhaps we can wait until we come to the item on education.

Mr. Pickersgill: There is one general question I should like to ask and which, I think, should come under the administration item. I might have asked it the other evening if I had not been in such a hurry to get the hon. lady's bill through the house. Would she tell me whether any cases are still unresolved with regard to the band lists? My recollection is that there were four groups of cases the last time I had any information about the matter on January 30, which had still not been settled. I wondered if these band lists were now final except for future births and marriages and, of course, deaths.

Mrs. Fairclough: I am afraid the same four cases are still pending for the reason that the persons concerned are out of the country and the registrar is unable to get in touch with them.

Mr. Pickersgill: It has now been reduced to four individuals, has it?

Mrs. Fairclough: Yes.

Mr. Pickersgill: Then it really does look as if this operation is pretty well over.

Mrs. Fairclough: We hope so.

Mr. Pickersgill: I can only say I hope the minister never has to face a Hobbema incident such as I did.

Mr. Pearson: I want to ask a question about medical services for Indians, but I do not know whether this is the proper item—

Mrs. Fairclough: As a matter of fact, medical services for Indians comes under the Department of National Health and Welfare.

Mr. Howard: As far as Indian affairs are concerned, this being a matter primarily within the jurisdiction of the federal government and also inasmuch as each province deals with some aspect of it we often find that there is an overlapping of interests and a conflict of opinion with respect to the policies and the attitudes taken toward the Indian people.

We in British Columbia have had in the past year a number of interesting articles which have appeared in a newspaper and we are expecting a number of additional articles to appear in another newspaper beginning some time this month, and we also had a report from a team of professors and students from the University of British Columbia on Indian affairs all of which have done a pretty full and comprehensive job in analysing the problems of Indians and making suggestions with respect to Indians.

I hope the minister will undertake to review quite carefully in particular the Hawthorne report and will also, if she has not already done so, make a review of what I consider to be the excellent articles which have appeared in the Vancouver *Sun* written by the Vancouver *Sun* reporter, Jack Cahill which ran in a series of eight articles, I believe it was, during the first part of May, and the ones which we expect to start in the Victoria *Times* or the *Colonist*—it escapes me at the moment in which of the papers they are appearing—but they relate specifically to the Indians of British Columbia, even though the conclusions drawn and the studies made could be applicable to Indians in other parts of Canada.

Perhaps the most important long range thoughts of the newspaper articles and the Hawthorne report relate to the question of education which I think all hon. members will consider to be of paramount importance if our native Indian peoples and ourselves as non-Indians are going to work better with each other for the common good of both our groups and for the common good of society. With respect to education I should like to refer to one of the articles which Mr. Cahill has written in the Vancouver *Sun* of May 7 of this year headed "Segregation of Schools Deplored". Mr. Cahill mentions under eight separate headings questions relating to

education. Part of them deal with the number of Indian children attending Indian day schools, or segregated into schools which only Indian children attend, and the author points out that there is an increase in the number of Indian children, an increase in the number of the Indian people, and so on. One important point referred to in Mr. Cahill's article to which I am referring mentions this, and this is a most unfortunate and deplorable part of the results of our educational policy with respect to Indians. He says here, and I quote:

> Only 387 of the 5,900 children attending Indian schools last year had reached Grade 8 or above. Three Indians were attending university and 86 were receiving private or provincial vocational grain training.

The unfortunate part of that is the very small number in comparison with the total number of Indian children in the schools who have reached grade 8 or grades above grade 8. There are very few who are in universities or who are taking additional vocational training. I am sure we all realize that until and unless we can make far greater steps in the field of providing facilities for education to Indian children on the same basis as education is provided for non-Indian children we are going to continue to have a difficult time with Indian affairs. I am not expressing only my own thoughts and ideas in this regard, but I am expressing also the ideas set out by a number of people who have studied the matter in far more detail than I have been able to do, and the views, also, of a great number of Indians, chief counsellors and members of band councils with whom I have spoken personally. Their opinion is the same, namely that it must primarily be a question of education in attempting to draw our two groups together so that we may have a better understanding of each other's ways and each other's cultures.

Mr. Cahill mentions a couple of other matters with respect to teacher qualifications and salaries paid under this branch. May I read further from what he says:

> Qualifications of teachers of Indians are generally much lower than qualifications of teachers in provincial schools, though it is obvious that they need additional teaching skills and qualities.

With respect to salaries, Mr. Cahill says:

> Top-quality teachers are not attracted to Indian schools because salaries are much less than salaries offered by provincial schools. (The top-paid principal of Indian day schools received $4,950 plus accommodation last year compared with top salary of about $7,000 for provincial elementary school principals.)

He points out further that very few teachers of Indian people have any conception of, or have mastered to any degree the language of the Indian people whom they are teaching. Of course, not being familiar with the language of the Indian people, which is not a written language, and not being familiar with the terms and expressions and what they mean, their attempts to teach English by, as Mr. Cahill says, prolonged experimentation with sounds bring about very poor results. He points out that most of the young Indian population find this lack of good English a handicap in job seeking and in social life. He says further that the Indian education administration is seriously understaffed with respect to regional inspectors. He compares it with the educational staff under the jurisdiction of the provinces.

It has been my contention for a long period of time,—and I hope the present minister will at least exhibit the same zeal and enthusiasm that she used to exhibit on labour matters when she sat on this side of the house and the same attitude with respect to the department under her jurisdiction and specifically the division of Indian affairs—after discussing it with people who have studied this question quite thoroughly, that until and unless we can bring the education of the native Indian children under the same authority as that of non-Indian children, namely the jurisdiction of the provinces themselves, we are going to have difficulties which are compounded by the other factors that Mr. Cahill and other people set out, if they are valid ones. I refer specifically to lower qualifications for teachers under the Indian affairs branch and lower salary structures, and not as much emphasis being placed upon the question of education in the Indian affairs branch as is placed upon it in the department of education of the provinces. Until we can eliminate this overlapping jurisdiction and bring uniformity to the curriculum and to those who are responsible for education, until we can bring this under the jurisdiction of the provinces, we will be approaching the problem from the wrong direction.

In British Columbia for a number of years now we have had an experiment in integrated schools, if I may put it that way, schools which combine under provincial jurisdiction the teaching of Indian children and non-Indian children. A per capita student payment is made by the department of Indian affairs to the department of education for that service. I realize it may be difficult for the Indian affairs branch suddenly to say they were going to abandon the field of education so far as Indian education is concerned and put it in the lap of the provinces. I do not think such an immediate approach would accomplish much. In fact, it might create more problems than we have at the

moment, but we must express and exhibit more than a pious hope that the jurisdiction over education of Indian children is going to be in the provincial sphere. We must have direct consultations with provincial authorities and express to them the attitude of this department and of this government which must be, I think, that the provinces should take over the jurisdiction over the education of Indian children so that there will be a uniform approach, a uniform curriculum and an enhancement of the qualifications and salaries of teachers to make them more equitable, and so on.

This is just one phase of the problem. I appreciate the fact that we can all express the same ideas, and I am sure that mine are not too different from those of any other hon. member in so far as the necessity of more advanced educational opportunities for our native Indian people is concerned. But coupled with the question of formal education there is the question of the attitude of the Canadian people. The attitude of our so-called white people has generally not been a good one toward the native Indian people. In many instances that attitude has been one of paternalism, an attitude of superiority toward the native Indian people who grudgingly accept their position in life as being a little inferior to ours. That, of course, is something that you cannot legislate for. You can pass all the laws that you like about attitudes of one racial group to another, or specifically the attitude of non-Indian people to native Indian people, but that would not have too much value. There has to be a conscious desire to accept native Indian people as equals and that we will undertake to abandon our paternalistic attitude. We should undertake an attempt to appreciate and understand and experience the same feelings that Indian people have. We should try to understand their background, their cultures, their hopes, their desires and aspirations. In turn, we hope that they will appreciate ours.

To attempt to classify Indian native people as something apart from and different from the rest of Canadian citizens is just nonsense and it will not accomplish a great deal. While we have had, as I mentioned earlier, specifically the Hawthorne report of British Columbia, which has undertaken a comprehensive study and analysis of aspects of Indian life and problems; while we have had in British Columbia a provincial advisory committee established by the British Columbia legislature, in addition to those reportorial and informative type of articles, such as the one I quoted from the *Sun*, and one which is accepted to appear in a Victoria paper soon, I doubt whether we have had the same type of analysis and constructive study made on Indian affairs generally throughout the nation.

I am sure we all know that the ideas and attitudes of Indians in one part of the nation may be different from those of Indians in another part of the nation in the same way that the attitudes of white people in the east may differ from those of people in the west or even in different parts of the same province. Over the years a number of joint committees of the House of Commons and the Senate have dealt with Indian affairs, but I would express the hope that one of the first things the minister will do is establish a royal commission on Indian affairs. I would also hope that its field of jurisdiction would not be confined specifically to the problems of native Indians but that its terms of reference would enable it to investigate the attitude of the Indian affairs branch.

If I were to voice the thoughts of a number of Indians whom I know with respect to the Indian affairs branch the chairman would be on his feet immediately to tell me that I was using unparliamentary language and I would be doing so if I were to use the same terms a number of Indian people have used to me with respect to the branch. I certainly suggest that such a royal commission should be established and I hope that its terms of reference will include the attitude of the officials of the Indian affairs branch and the structure, administration and entire approach of the branch to Indian affairs. Even if it is found that the attitude of the branch is acceptable and that its policies are desirable, such an investigation will at least show the Indian people that the government is sincerely interested in their affairs and it will give the Indians an opportunity to express their ideas about the branch.

That is about all I have to say on these two general matters. Quite frankly I hope that others will express their ideas about Indian affairs and offer solutions to specific or general problems but I still do not think this will accomplish as much as an all-inclusive commission on Indian affairs would. I know that the minister simply has to recommend such a move to her colleagues and action will be taken but if I had the opportunity to vote for it I certainly would do so. I know that she would also be taking a long needed step towards complete understanding and obtaining a compilation of the problems and solutions and recommendations so far as Indian affairs are concerned.

There is one other matter I would like to deal with which I raised during the last session when another minister held the portfolio. With all due respect to the gentleman, we always considered that it was more or less

a part-time folio on almost an equal basis with the justice portfolio, both of which jobs require the full-time effort of one person. We are pleased to see there is a minister looking after the affairs of this department and branch.

Last session I raised the question of the rations provided to indigent native Indians. I placed the schedule of rations on record at that time and I felt then and still do that the approach to the problem was most disgusting. There has been no change in the rations. They should not be considered rations at all. I am sure that anybody who looks at the list will consider that in no way at all could they hope to contribute to the survival of one person. This list is to be taken as a guide of minimum food requirements, and as I recite the items each hon. member can decide in his own mind whether he could expect to subsist on such rations or whether his wife and family could do so.

One adult Indian who is considered indigent and qualifies for this type of starvation food relief receives the following items: Flour, vitamin B, 24 pounds; rolled oats, 6 pounds; baking powder, 1 pound; tea, 1 pound; sugar, 2 pounds; lard, 3 pounds; beans, 5 pounds; rice or potatoes up to an equivalent value, 2 pounds; cheese, Canadian product, 1 pound; meat or fish, $2.50; salt, 10 cents per adult or 15 cents per month per family; matches, 10 cents or 20 cents per month per family; canned tomatoes or tomato juice in 28-ounce tins, 9—I imagine that means 9 tins—milk, 1 pint of milk or equivalent in evaporated milk per day for each child of an indigent family 12 years of age and under.

That is only for one person. One of my friends from the Hazelton band undertook to price these articles for me in the store there to indicate what this ration means in terms of cost. The flour cost $1.92, the rolled oats 72 cents, baking powder 44 cents, tea $1.32, sugar 30 cents, lard 96 cents, beans 95 cents, rice 38 cents, cheese 65 cents, meat, $2.50, salt 23 cents, matches 10 cents, for a total of $10.47 in foodstuffs by way of relief to one adult Indian. On an experimental basis the department has recently undertaken to substitute relief in terms of cash for relief in terms of food. The maximum amount authorized monthly for one adult under the cash plan is $18, for each additional adult, including children over 12, $15, and for each child 12 years of age or under, $12.

It is difficult to find words to express my attitude to this niggardly approach to our Indians. The amount is far less than unemployment insurance and, heaven knows, that is not ample, but at least the people on unemployment insurance may have been working in some cases and have saved some money so that they can draw on their savings to supplement what they receive by way of unemployment insurance benefits. But many Indians, because we do not accept them in all walks of society, because we do not accept them in all types of jobs, because their educational background which we design for them does not fit them for many kinds of jobs, find it is not possible to earn the same amount of income in a year as others might be able to earn. Then, in addition to that, they get this grant of $10.47 worth of food to last them for a month.

Any housewife who has gone shopping, as I am sure the minister has on a number of occasions in the corner grocery store or the supermarket, will know just how far $10.47 will go today towards buying food, even if you buy the cheap cuts of meat and even if you shop for bargains. This $10.47 would not last a week, let alone a month. I hope the minister, with her humanitarian ideas, and in view of the fact she is a mother and knows what it is to try to raise children, especially small children, will express some ideas with respect to this niggardly amount of food relief. I hope that this amount will be raised substantially. After all, our native Indian people need to eat, just the same as we do. They have children, just the same as we do and want the very same things for their children as we do. This approach, which has been the rule for some period of time, certainly needs revision. One could talk in terms of trebling or quadrupling the amount of relief given under this program, and it still would not be sufficient.

Before I sit down I should like to draw one matter to the attention of the minister on which I have had some correspondence with the various people in the provincial department and the department of Indian affairs, dating back to sometime in 1955. This matter relates to a road that was built by the provincial department of highways from Hazelton through the Gitanmaax reserve. They expropriated certain lands, many of which were registered by locatees on the reserve. I do not know the exact date of this, but it would be some two or three years ago, that the provincial department of highways paid some $1,500 to this department of Indian affairs. I have a photostatic copy of a listing in which they listed the names of each of the locatees, the station along the roadway, the area and the amount of money involved. To my knowledge, only a few of these locatees have received any of that money up to this date for the lands that were taken.

As I say, I have had correspondence with this department and with the provincial department of highways, discussions on the telephone with officials in the Indian affairs branch, but have not succeeded in bringing this matter to a conclusion. I would appreciate very much getting it straightened up. It has been four or five years now since the money belonging to these locatees was transferred from the department of highways to the Indian affairs branch. Evidently this money got lost somewhere in all the red tape in that branch. I would appreciate it if the minister would try to straighten this out. It is a personal matter relating to these people.

In summing up, I want to say that I appreciate the opportunity of making these few remarks; some of them have been unkind and some of them have not been. I would certainly like to hear the comments of the minister with respect to these matters, especially the question of education and our approach to it. I should like to know whether the approach is going to be different from that of the former administration.

Mr. Pickersgill: Before the minister replies, I should like to make a few brief comments. I do not intend to make a speech, but since I said something about joint education the other day I want to make it clear that I could not go along with the suggestions made by the hon. member for Skeena. It seems to me that the federal government has an inescapable responsibility under the constitution for the education of Indians and for the preservation of certain rights in connection with the education of Indians that would be sacrificed in one or two provinces if education of Indians was transferred to those provinces without safeguarding those rights. I should like to make it quite clear, so far as we in this party are concerned, we stand solidly behind the preservation of constitutional rights in this matter.

With that reservation, I can say that I agree with the objectives of the hon. member for Skeena. As I said the other day, you cannot get the Indian children with other children too early because, as I recall it, even in Wallaceburg where we did not have them go into the schools until they were in grade 4, it was found that it took a year before they felt at home. In Sarnia, however, where the Indians went into the school right at the start they were accepted by the little tots right away and there was no psychological difficulty. I know this thing is going to take a long time and it is going to be difficult. In one or two provinces there is great resistance to this. We cannot have any compulsion in the matter, and we must be very sure we do not do anything that even appears to trample on any of the constitutional rights or other rights that are sacred by law and usage. Within those limits, I do agree with the objective the hon. gentleman has in mind.

I should like to say, as a former minister, that while of course I do not think every member of the Indian affairs branch is perfect—I am not going to embarrass the hon. lady today by asking her what she thinks of the efficiency of the officials—nevertheless, I do think they are very conscientious and hard-working officials. I had a special affection and interest for the Indian affairs branch, but I am sure the officials elsewhere in the department never held this against me. I do think that there is inherent in the position of Indian agent a difficulty that is perhaps like the difficulty a schoolteacher faces, and that has to be guarded against a little. Sometimes there is a tendency perhaps to treat the Indians a bit as though they were children, and that has to be guarded against.

I believe the department has been very wise in moving Indian agents from one reserve to another after a certain length of time, so that they do not get too set in their ways. The department is also wise in having conferences and in other ways stressing the importance of avoiding Indian agents becoming too set in their ways. I do think, too, that this business of having elections of the bands and providing for self-government cannot be pushed too fast or too far once the Indians accept it. I know, of course, there are difficulties in some places. I hope the minister, and the senior officials will seek at all times to find Indians to employ in the branch when they can, but not with the idea of making the branch a special reserve for Indian civil servants. That would be the last suggestion I would ever make. I know there are one or two already who are doing very well in the branch but it would perhaps be a good idea, since the branch is intimately associated with the Indians, to be able to encourage a few more Indians to come into the branch.

But perhaps it would be an even better idea to encourage them to go elsewhere in the public service. We know that one of the most distinguished public servants of our time, namely Mr. Monture, was an Indian who was not in the Indian affairs branch, as far as I know, at any time during his career. I remember meeting him one time at Dorval airport. I was on my way to Newfoundland. I asked him where he was going and he said he was going to Indonesia on one of the United Nations technical assistance missions. It seems to me that is the kind of thing that we need to hold before the Indians as a possibility for the future.

Mr. Howard: May I say one word, Mr. Chairman, before the hon. lady speaks. My friend the hon. member for Bonavista-Twillingate and I, as far as the constitutional question and the rights of Indians are concerned, certainly agree with each other except that we have expressed ourselves in different words and on different occasions.

Mr. Pearson: Before the minister replies I just want to say one word. I want to express my gratitude and appreciation, through the minister, to the members of the branch for all the courtesies and consideration they have shown to the requests I have made over the years as member for Algoma East on behalf of the considerable number of Indians I have in my constituency. Even when they have not been able to meet those requests, they have always treated them efficiently and sympathetically.

Mrs. Fairclough: I thank the Leader of the Opposition for what he has said. I think we are all fairly much of a mind on this question and there is not much point in elaborating on it. I thank the hon. member for Bonavista-Twillingate who, I think, fairly well answered one point that was raised by the hon. member for Skeena.

There are one or two things upon which I should like to comment. One is the question asked by the hon. member for Skeena as to the number of students in various grades. Rather than taking the time of this committee to give this information, may I tell him that if he will refer to page 106 of the annual report of the Department of Citizenship and Immigration he will find all of those grades broken down. That page tells him precisely how many students are in every grade.

Mr. Howard: I did not ask how many students were in each grade.

Mrs. Fairclough: I understood the hon. member to request information as to the number of those who were in some of the higher grades.

Mr. Howard: No. When I was speaking previously I was reading from an article by Mr. Cahill which appeared in the Vancouver *Sun* of May 7, 1958—I think the *Hansard* reporters have it now—wherein he pointed out a number of things with respect to Indian education. One of them was that only 837—I may be wrong about that figure—out of 5,900 Indian children who were attending schools had reached grade 8 or more. I was decrying the fact that such a small percentage of Indian people had reached the higher grades. I just wanted to point out the necessity of expanding and enlarging our approach to education so that more opportunities are there, hoping that the native Indian children would be able to advance into the higher grades more easily.

Mrs. Fairclough: I think the information the hon. gentleman had was a little bit erroneous because from grade 9 up just in the non-Indian schools there are about 1,500.

Mr. Howard: Is that for British Columbia?

Mrs. Fairclough: Oh, no. The hon. member was speaking of British Columbia only?

Mr. Howard: Yes.

Mrs. Fairclough: In any event, I think there is not much purpose to be served by discussing that matter because our figures would not be the same. However, more and more are reaching grade 8 every year.

With regard to the matter of rations which the hon. member raised, may I say at the start that first of all we consider that the list which is prepared averages out to about $14 per adult. However, the very difficulties which he enumerated have been at the base of the thinking which has caused and is causing us to change more and more to a cash basis. Even taking that matter into consideration, I might say that these payments were never at any time intended to be the complete living cost of these people. They are based on country food and on the supposition that the food will be supplemented by fish and game, as we know it is. This plan was prepared after consultation with the health authorities of the Department of National Health and Welfare. It may not be perfect. I do not think anyone can ever compile a list that would be absolutely perfect under all conditions. While it may not be perfect, it has been fairly generally told to those in authority that they are at liberty to vary the list to suit the needs of differing sections of the country and the requirements of different individuals.

The hon. member also asked about the funds which were paid into the department on behalf of those persons who surrendered lands for the building of highways. I will look into this matter at once. However, my understanding is that those payments which have not been made have been held up for the reason that it has not been possible to establish to a certainty the ownership of the lands which were surrendered; I have reference to the individual ownership. However, we will check that matter up and see what we can find out about it.

If I may, I should like to answer the hon. member for Laurier. I now have the information with regard to the islands. There were eight islands in the St. Lawrence which were purchased by the Ontario Hydro at a cost of $172,200.

Mr. Chevrier: Thank you.

The Chairman: Shall vote 66 carry?

Mr. Howard: No. I wonder whether the minister could indicate whether there is any possibility of increasing the ration allotment or how long ago it was established; could she say when this list, even though it is only a guide, was established or when it was last revised?

Mrs. Fairclough: It is under constant study. It was changed or revamped within the last couple of years, and it is under constant review.

Mr. Howard: Last fall, I believe, or sometime not too long ago there was a conference of Indians in Vancouver of all British Columbia Indians. I think it had specific reference to the matter—I have not my estimate book here—of the method of distributing the $100,000 allocation to the Indians of British Columbia. In addition to that, a number of other items were discussed and a number of ideas were expressed by delegates at that conference. I wonder whether this is going to result in the follow-up in a revision of the Indian Act, or whether we can expect, as was apparently planned sometime ago, a normal two-year revision of the Indian Act after consultation with the Indians.

Mrs. Fairclough: All of the information gained from these various meetings is, of course, studied carefully by the department. The hon. member referred to the Hawthorne report. That report was made at the request of this department and was paid for by the department. All of the recommendations are being very carefully studied. In some instances we have already gone ahead with preliminary planning to implement those which were capable of immediate implementation. I can assure the hon. member that every word of that report is being carefully studied by the department. Any information which comes to the department from any source whatsoever is given careful study.

Mr. Chevrier: Did the minister give a moment ago the names of the islands that were expropriated?

Mrs. Fairclough: No; I did not give them but I can secure them. There were eight of them.

Mr. Chevrier: I asked for that and the amount of compensation. The minister gave the amount of compensation but did not provide the names of the islands.

Mr. Howard: Mr. Chairman, I had hoped that we would have seen evidence of a much broader attitude on the part of the government. This is not a criticism of the government but is a criticism of ourselves as people. We have been most delinquent in respect of our responsibilities, duties and obligations to our native Indian people over the years.

Every year the same comments are made in the house, and from the editions of *Hansard* which I have read it appears that the same type of general discussion has taken place year after year. More than anything the hope has been expressed that our Indian people will be given better opportunities for education and chances for advancement and that they will be accepted by society and improved opportunities for employment and generally enabled to improve their lot in our nation. But although the debates over the years have been somewhat similar to that which has taken place today they have accomplished practically nothing.

Admittedly we have seen a few more Indian children reaching higher grades in school, but certainly nothing has happened which would be anywhere near what should have happened. There have been changes—very slow changes—as has been pointed out, in our attitude toward the Indians, but practically nothing concrete has been accomplished as a result of representations, conferences with the Indians, joint committees of the Senate and the House of Commons and royal commissions. I recall, in fact, one royal commission as far back as 1916 which sat in British Columbia with reference to delineating the boundaries of the reservations or, more particularly, with reference to giving some of the land in those reservations to the C.P.R. Over all these years, however, we still appear to be just on the threshold of hope that something might be done.

This is the most unfortunate aspect of the matter, and as I say, this is not a criticism of the minister or of this government; certainly no more so than it is a criticism of the past government or the gentleman who held the post before the hon. lady or even the minister before him. It is a criticism of our non-Indian society as a whole and of the inability of government or parliament to come to grips with the problem.

If we can spend, for instance, something in the neighbourhood of $16 million per year on immigration—and I am not decrying the fact that we do spend this sum for that purpose—good heavens, can we not spend more than we are spending to take a more definite approach with respect to our native Indian people who were here long, long before the coming of our first settlers? That is the thing that is wrong.

Some hon. Members: Hear, hear.

Mr. Howard: Unless and until this minister or this government or any government in

office will undertake to do more than merely administer a department, we are going to have the self-same problem continuing and becoming more aggravated as the years go by.

Mr. Herridge: I was unavoidably called away when the item upon which I wished to speak was called, and I will have to send the question I wish to ask the minister in writing.

Does the minister think it right and proper that an indigent immigrant should receive an allowance from her department much larger than the allowance which would be allowed to one of the native owners of Canada who also happened to be an indigent?

Mrs. Fairclough: I do not think you can compare the two; they live under entirely different circumstances.

Mr. Peters: I would like to hear more from the minister on the educational aspects of this problem because this is of great concern to the Indians and certainly to those in my part of the country. I have in mind particularly the question of the educational standards. The schools which the Indians attend are being run, so far as I can tell, by church organizations rather than other educational organizations, and less concentration is centred as the years go by on modern educational trends. Therefore, the educational standards of these people have deteriorated as their economic position has deteriorated. If our desire is to eliminate the Indian people then we are probably going about it in the right way because they are losing their identity more each year.

I have had the opportunity, as have some others in the more favoured urban communities, to attend school and to sit in classrooms with Indian children, and I have found that they have made a contribution when they have been able to obtain higher education, not only to our economy but to their own people. Particularly in the nursing profession and allied profession Indians have contributed much when they have returned to their own people. I think the minister must give consideration to this matter and that something must be done very shortly to at least bring educational standards up to the level in the province in which they live and I do not think we should wait for four years before action is taken in this respect.

I would like to draw the attention of the committee to the fact that when I attended a veterans' school I, among others, was asked whether I would take a job teaching the Indian children. The pay was relatively good for the type of employment involved, but our standards of education were certainly not in keeping with those normally required in the teaching profession. We were merely high school students and were not, in my opinion, qualified to teach Indian children who I believe require more skilled teaching than would be required by average children. We were, however, asked to do this work, which I believe was evidence of the archaic thinking which might be expected if our aim was to dispose of the Indian population rather than to help the Indian people to become assimilated in the communities and to become first class citizens of Canada.

In my opinion the only advantage the Indians have received from us was that during the last war when they were provided with a better type of education if they were able to serve in the armed forces, but we have done very little in the field of elementary education during peacetime.

I do hope that the minister will give consideration to this matter and will have something more to say in this respect. The hon. member for Skeena has certainly given the whole subject a great deal of study and I think some of his ideas should be implemented in the very near future, not only for the betterment of Canadian Indians but for the betterment of the Canadian people as a whole. The Indians form one of the very few minority groups in Canada and we should be able to do better than some other countries with respect to improving the lot of our native population.

Mr. Howard: I believe I asked the minister at one stage whether any thought had been given to the possibility of increasing the allotments or the cash payments. If an answer was given I am afraid it escaped me.

Mrs. Fairclough: I thought I had answered that Mr. Chairman. I said it was constantly under review.

Mr. Howard: Is there any thought of an attempt to make the cash payment coincide with welfare payments to the municipalities?

Mrs. Fairclough: Yes, this matter is under review right now. I am informed that in one province our scale is higher than that prevailing for non-Indians. In another it is just the same, and in the rest it is a little lower than the prevailing scale.

Mr. Howard: Does the hon. lady have these figures so that we can compare them?

Mrs. Fairclough: As you get into the larger families it more nearly coincides with the provincial rate. We do not have any of these figures here.

May I reply to the hon. member for Laurier while I am on my feet? Would the hon. gentleman like to have the individual amounts?

Mr. Chevrier: Yes.

Mrs. Fairclough: Here, then, is the list:

Sheik	$120,000
Wagner	5,000
Grassy	500
Toussaint	25,000
Doran	3,600
Indian	1,700
Stein	14,500
Adams	1,900
Total	$172,200

Mr. Peters: Can the hon. lady say whether it is the intention to do anything about bringing up the standard of Indian education to that of the standard in the province in which the Indians live?

Mrs. Fairclough: We are working on that constantly. I advise the hon. member that these schools are under inspection by the provincial authorities.

Mr. Herridge: I am very interested in this. I have just been handed this by the hon. member for Skeena. It mentions the rates of allowance to indigent Indians. The maximum amounts authorised are: one adult, $18; each additional adult, including children over 12, $15; each child 12 years of age or under, $12. I think it is disgraceful. If we can pay $65 as an allowance to persons coming into this country who are indigent, and if we can afford to pay $6 a day per person in respect of a certain group who came to this country and lived in hotels and restaurants, I want to protest emphatically against this small allowance made to our Indian population who were here before any of us were here and whose forefathers were here before any of ours. I do hope the department can do something to remedy this gross injustice to our Indian population.

Mrs. Fairclough: I wonder if the hon. member is aware that this amount is for food only? Things such as shelter, clothing and so on are all in addition.

Mr. Herridge: Even on that basis there is a great discrepancy.

Mr. Howard: Have you tried living on $18 a month for food?

Mrs. Fairclough: That is not a hard and fast rule. This is under constant review, and in one case at least it is above the rate paid by one provincial authority. But we are watching the position and hope there can be some improvement made.

Mr. Howard: I would suggest the hon. lady watches it out in the field close to where these people live. I live very near to a number of these reserves and I have personal knowledge of Indians reduced to such circumstances that they have to go begging to the Indian superintendent's office and they get a pretty short deal. That raises the question of the acceptance of the superintendent by the native Indians themselves, which is another matter.

You talk about supplementing the income of these people by game and fish, but they find it difficult to do that. At one time trapping used to provide a substantial amount of income to the native Indian peoples but in recent years trapping has declined because of a number of reasons. As far as our part of the country is concerned one reason is that even though they have registered trap lines and are the only ones allowed to trap there, the provincial government has come along and granted timber rights or mineral rights, and when a logging or mining company moves in it ruins the trap line and that takes away part of the income. As far as game is concerned it is the same thing.

Over the years our approach—and it has had a poor result—has been to try to get them to leave their old way of life of being nomads and living off the land and living off game and fish and so on, and to encourage them to set themselves up in our social structure where they should work as much as they can the year round and earn enough to keep themselves and to buy the goods and necessities they need in the same way as some others of us attempt to do. On the one hand, we have been trying to tell them to forget about fishing and hunting as a way of life and to accept our way of life and, on the other hand, we tell them, when they only get this paltry amount to subsist on: go out and fish and hunt to increase it. And in many instances they are not able to do so because civilization is encroaching on their lands.

North of Terrace we have one company in the logging and pulp field which has a forest management licence of over 750,000 acres much of which used to be land which the Indian fished and hunted. Now they cannot get in there because it would be trespassing. Our approach is foolish and I cannot help but take exception to this sort of attitude. I am not being critical of the minister. What I am being critical of is our attitude as non-Indians towards Indians, and as long as that attitude continues we will do nothing to help solve their problems or our problems in relation to them.

Mrs. Fairclough: I can only assure the hon. gentleman that I am as gravely concerned as he is over the situation, and since the administration of the department is in my hands I will not leave any stone unturned to try to correct injustices.

Mr. Howard: Needless to say I would be the first to wish the minister every success in the world.

Mr. Benidickson: On item 66, and directly to the point of administration, I wonder if the minister would outline to me something about the decentralization activities of the department? Would she please say something about the jurisdiction of the sub-areas? I make no complaint against the minister or the present administration. I want to say very frankly that I have objected to the set-up under her two predecessors with regard to a situation which I do not think was improved very much in the line of decentralization.

In the district of Kenora-Rainy River we have three Indian agencies. They are obliged to report to North Bay. The minister, who has been a visitor to northern Ontario on many occasions, knows there is a distance there of eight or nine hundred miles and I have often felt that this idea of decentralization has merely been camouflage and that in fact it had created an additional post office where mail could get lost and procrastination could set in. The main thing I ask is that the minister should outline the jurisdiction at the Indian agency level for getting certain things done. Would she also indicate what might be within the authority in our area of North Bay without reference to Ottawa? As I say, over the years I have made these complaints to three ministers.

It is my experience that too many things have to be referred from the Indian agency to the subagency and then to Ottawa eventually. The result is that work does not proceed. With respect to such things as the laying of linoleum or putting in a boiler or something of that kind, the decision is received in August and the school does not open until January. I can illustrate that not only in the current year under the present minister's administration but also under the former administration. There is something wrong there, particularly in the construction field. Decisions of importance which involve construction should be taken in the summer holidays when the school is vacant, but the paper work is not completed until well on into August and the result is that the school is disrupted at the beginning of September. I know of at least three instances in the last four years where the schools did not open until after Christmas.

Mrs. Fairclough: I am not sure whether I understand the hon. gentleman correctly. Is he advocating the placing of more authority in the hands of the superintendent or of the agent, probably with greater spending power at their level? Is that what he is advocating? Is he advocating that the request should come right through to headquarters?

Mr. Benidickson: I am inclined to think that with respect to the larger items the latter is what I had in mind because I get the impression that while they are referred to this sublevel, they have to come to Ottawa anyway. If that is so, why is not some form of duplicate letter sent merely to the sublevel and the Ottawa administration, particularly on construction, repairs and things of that kind, deal with it immediately and not have a new initiating letter from the area superintendent.

Mrs. Fairclough: Of course, the problem that the hon. member has brought up is not a new one. It has been one that has caused considerable headaches in the department for many years. I do not know to what extent we can streamline the operation to obviate the difficulties the hon. gentleman has suggested but I will look into it. I have not yet had the opportunity to go into some of those details, but I will have a look at it.

Mr. Benidickson: I appreciate the assurance, Mr. Chairman. I still recall some experiences in the administration of the post office in the past where there seemed to be too many levels of passing an item for decision and yet it had to come to Ottawa anyway. I am just wondering whether those things have to come to Ottawa for approval anyway or whether there should not be a very serious look at the levels of responsibility. My pertinent question was, what is the maximum authority of the sublevel jurisdiction under the superintendent—I think that is what he is called—without reference to Ottawa?

Mrs. Fairclough: It is $1,000.

Mr. Benidickson: In my opinion that is ridiculous. There is no point in having a superintendent who is the supervisor of many agencies if his jurisdiction extends only to $1,000, and the correspondence eventually has to come to Ottawa.

Mrs. Fairclough: If my information is correct, the public works districts are operated in the same way. Of course, $1,000 does not apply to just one item. For a small contract it does not mean $1,000 a year; it means an expenditure up to $1,000.

Mr. Benidickson: If you have to lay some linoleum and disrupt your classrooms it is too bad. If you intend to do that you should do it while the school is in vacation. If the amount involved is a little over $1,000 and it has to come to Ottawa, then the decision is not given until August 15, and my hon.

friend can understand what that means to the administration of the school.

Item agreed to.

Indian agencies—

68. Construction or acquisition of buildings, works, land and equipment, $1,195,630.

Mr. Pickersgill: How much of this estimate is spent directly by the department and how much is spent through the Department of Public Works?

Mrs. Fairclough: On this particular vote none of the work has been done by public works.

Mr. Pickersgill: Relatively speaking, these are all agency buildings. There seems to be quite a substantial increase in this amount; in fact it is about 50 per cent. The minister is better at arithmetic than I am, but it is perhaps 40 per cent more than last year.

Mrs. Fairclough: This is largely owing to the need for water supply and sewage systems.

Mr. Pickersgill: The Caughnawaga business?

Mrs. Fairclough: Yes.

Mr. Pickersgill: I suppose the amount paid by the seaway with reference to Caughnawaga went into the consolidated revenue fund and the minister had to get a vote for the full amount?

Mr. Benidickson: While the minister is preparing to reply I just want to put this on *Hansard*. This brings to mind something that has given me a great deal of irritation over the years. I refer to the matter of construction. I have been told repeatedly, not only by the construction branch of this department but by the construction branches of other departments of government, that the reason why we have not had much progress and particularly have not been prepared to embark on a building job in the best building season in this country, which is rather short, is that parliament has not passed an estimate. I have not the document in front of me but I am well aware that this is nonsense. There is a clause in the Financial Administration Act which permits a department, once the estimates are tabled in the house,—and normally they are tabled in January—to get on with the job, to get their work done and to get their tenders called. I do not think that the history of parliament indicates that parliament has ever been loathe to grant interim supply, if that were necessary. But it is utter nonsense to hear repeatedly from construction branches of government—and I think this department offends more than most—that the reason they have not a contract let is that parliamentarians have not concluded the session or they have not passed the relevant item in the estimates. The Financial Administration Act provides ample remedy for that and I hope the minister will keep that in mind. I drew that to the attention of her predecessors.

Mrs. Fairclough: I believe we are proceeding as rapidly as possible. I do not think any of our works are being held up at the present time for those reasons.

Item agreed to.

Reserves and trusts—

69. Operation and maintenance, $327,912.

Mr. Pickersgill: If the minister has ever had time to look at the proceedings of the estimates committee when this department was before that committee some years ago she will realize that at that time I made a frank confession that in so far as the winding up of Indian estates was concerned it was very badly in arrears and steps were being taken to bring it up to date. What progress is being made in that field?

Mrs. Fairclough: I can assure the hon. member that we are making progress in this department. In 1957-58, 1,979 estates were concluded and in the same year an additional 702 were opened. The preceding year there were 1,420 concluded and 667 opened.

Mr. Pickersgill: The minister does feel that steady improvement is being made.

Mrs. Fairclough: Yes, very definitely.

Mr. Pickersgill: I am very glad to hear it.

Mr. Howard: Could the minister explain to me and to the committee what the statutory item, Indian annuities, refers to? I am sure she can do it far more quickly than we can by looking up the statute. Would she also explain what is meant by reserves and trusts? What is in trust?

Mrs. Fairclough: I do not know whether the hon. member wants a long explanation. As far as Indian annuities are concerned, this provides for the payment of Indian annuities in pursuance of the conditions of any treaty entered into on behalf of Her Majesty or her predecessors, for which the government of Canada is responsible and which is a charge upon the consolidated revenue fund of Canada as provided by statute under section 71 of the Indian Act, which section reads as follows:

> Moneys that are payable to Indians or to Indian bands under a treaty between Her Majesty and the band and for the payment of which the government of Canada is responsible, may be paid out of the consolidated revenue fund.

Mr. Pickersgill: Would the minister allow a little help on that point? I think I can explain it in two seconds. It is what is called treaty money in all the other provinces and in British Columbia you do not have it.

Mr. Howard: In addition there was the question of the item in the estimates having to do with the operation and maintenance of reserves and trusts. I am interested in the trust factor. What is kept in trust?

Mrs. Fairclough: While we are getting the rest of the information maybe I should tell the hon. member that the functions are, first, the management, administration and utilization of Indian reserves and surrendered lands, which includes the acquisition of land for new reserves, and the sale, lease and disposal or other use of natural resources such as timber, oil, petroleum, natural gas and other mines and minerals; second, the administration of Indian band funds and annuities; third, the maintenance of band membership records; and, fourth, the administration of the estates of deceased and mentally incompetent Indians. These are all under reserves and trusts.

Mr. Howard: For argument's sake, and this is purely hypothetical, if a band in British Columbia sold some timber to a logging company the proceeds of that sale would go into this trust fund and come under the administration of this branch.

Mrs. Fairclough: That is right.

Mr. Howard: Is there any provision whereby the band may prevent the money coming to Ottawa to be held in trust? Is there any arrangement whereby the band may decide that they do not want the money tied up in the Indian affairs branch at Ottawa and that they want to use it themselves for some specific or general purpose?

Mrs. Fairclough: I am advised there is a section in the act which permits the Indians to handle their own funds but that none of the bands has yet reached that stage.

Mr. Howard: Who decides when they reach this stage?

Mrs. Fairclough: To some extent they do themselves.

Mr. Howard: Again this is hypothetical, but if a band decided that they would use the proceeds from the sale of timber the branch would allow them to do so, or would there be any possibility of preventing it?

Mrs. Fairclough: It is very difficult to answer hypothetical questions. If the member can give us a specific case, we will try to answer it.

[Mrs. Fairclough.]

Mr. Howard: I am sure there are some specific cases. I can think of one near Nanaimo. I pose this question and I am sure it can be answered. If a band decided that certain timber on their reserve would be sold and that the proceeds from the sale of the timber would be kept for use by the band and not sent to Ottawa, would the departmental officials be able to override the wishes of the band and make them send the money to Ottawa?

Mrs. Fairclough: The funds come to Ottawa and if the band requires money for a specific purpose they make arrangements with the branch and in certain cases the money is used for purposes decided upon by the band.

Mr. Howard: I think it is getting clearer.

Mrs. Fairclough: There has to be a resolution of the band. The band has to decide what it wants to do with the money. Representations are then made to the branch and if agreement is reached the funds are handled in that way.

Mr. Howard: In all cases the officials of the Indian affairs branch are agents acting on behalf of the minister in any negotiations.

Mr. Peters: How do the Indians eventually get the benefit of these moneys? Suppose they need to build new houses or want to buy new stoves for their houses and have sold a million feet of lumber from the reserve; how do they get the money back again?

Mrs. Fairclough: They would make representations to their own band and the band council would decide. The council would pass a resolution with regard to the matter expressing its wishes which would come forward to the Indian affairs branch and the matter would then be dealt with in that way.

Item agreed to.

Welfare and economic development of Indians—
70. Operation and maintenance, $3,970,678.

Mr. Pearson: I believe this item deals with the welfare and economic development of Indians and I should like to express my appreciation of what the branch has done for the welfare of the Indians in my riding. There are still some problems, especially in the West Bay band, but on the whole great progress has been made. But as the minister knows one important aspect of welfare is health, and while I now realize what she said a little while ago, that the health of Indians comes under the Department of National Health and Welfare, nevertheless the problems and the difficulties encountered by Indian affairs doctors, though not under the minister's jurisdiction, will have an effect on

the welfare of the Indians. That is why I venture to bring this matter forward. If difficulties can be created under the health and welfare regulations by a doctor serving not only Indians but in certain cases white patients and if that particular doctor is prosecuted for that under the regulations, then there can be trouble and the welfare of the Indians themselves will suffer. We have an unfortunate case at hand at the moment on Manitoulin island where an Indian doctor has been prosecuted apparently for giving service to some whites. I am sure that is causing a great deal of worry and anxiety and probably some discontent.

Mrs. Fairclough: That has been settled.

Mr. Pearson: According to the press the case is coming up and the doctor is to be prosecuted. I hope this kind of thing can be avoided because it causes trouble. I am not assessing the blame because I do not know where the blame lies in this particular case but I hope that the two departments can get together and make sure that this kind of thing does not occur.

Mrs. Fairclough: If my memory serves me well, I saw either in today's or yesterday's paper that he had been acquitted and held blameless because whatever services he had rendered had been rendered with the consent of other doctors who were overloaded and any fees received were paid to the government.

Mr. Pearson: I may be wrong. Perhaps the case has come up. Perhaps the doctor has been acquitted, but the charge was laid by the Ontario college of physicians. What I am suggesting is that surely arrangements could be made in the future so this kind of thing, with all the undesirable publicity, could be avoided.

Mrs. Fairclough: I think the man was just trying to help out his colleagues in the vicinity, who simply could not handle their patients.

Mr. Pearson: I am sure he was.

Mr. Howard: I should like to make another comment along the same lines as the comment I made with respect to education. I should like to suggest the same approach should be adopted here, that is that in consultation with the various provinces which have fairly extensive departments of health and welfare an attempt should be made to have these provincial departments look after the health and welfare of the Indians. Having in mind the views expressed by the hon. member for Bonavista-Twillingsgate—

Mr. Pickersgill: Twillingate, without any "s".

Mr. Howard: It is a hard one to pronounce, and I would find it easier to say the unpaid parliamentary assistant. However, with all due respect to the views he expressed concerning the constitutional problems and the hereditary rights of the Indians, we should attempt to move in this direction of having the health and welfare of native Indians under the jurisdiction of the various provincial governments, just as I advocated for education. I say that having in mind the general idea that we will be able to work more closely with each other as Indians and non-Indians; we will be able to appreciate each other's background and culture, and so be able to work together for the general betterment of society.

It is in that light that I am expressing this idea, as I did in connection with education. We should move in the direction of bringing the health and welfare of Indians under provincial jurisdiction so that we do not have two jurisdictions in the field of health and welfare overlapping one another so far as Indians are concerned and their friends who live right next door who are not Indians, and who normally fit into the program of the various provincial governments. I know that at the moment this is something we could not give to the provincial government and say, here, we are going to dump it all in your lap; you figure out a per capita payment and we will pay. It is going to require some extensive discussion.

I feel that the federal department, which now has Indian affairs under its jurisdiction almost exclusively, should take the lead in this matter and express its ideas to the various provincial governments. The hope would be, eventually, of moving in the direction of not having an Indian affairs branch but having the various services administered for Indians on the same basis as they are administered for the other people in this country, working towards equality. I merely want to express the same general thoughts with respect to health and welfare, as I expressed with respect to education.

Mrs. Fairclough: We have been working on this matter for quite some time now with a view to making agreements with the various provinces. But the hon. member will understand that a plan such as he envisages must entail the province accepting some responsibility.

Mr. Howard: Could the minister indicate what progress is being made? Is she in a position to mention specifically the provinces which, in a few years, might be doing something?

Mrs. Fairclough: We have at the moment an agreement with Ontario and 23 out of 26 children's aid societies.

Mr. Pickersgill: Is there not the same kind of agreement with Saskatchewan?

Mrs. Fairclough: It is not complete as yet.

Mr. Benidickson: I want to make a few remarks on this. I just want to mention to the minister a few of the difficulties with respect to Indians in my territory. She probably is already familiar with them, although she is new in the department. We are feeling, probably as acutely as anywhere in the country, the difficulties that result from Indians moving in, as we desire them to do, to the industrial areas and taking their place on an integrated basis. I want to pay tribute to the officers of the department, particularly the present executive assistant to the Minister of Transport, who visited our particular part of the country. I think his report is worthy of study by the minister and her officials. I know the director has always been very sympathetic to this type of thing.

We are having a great deal of difficulty in our municipalities which adjoin reservations—some reservations are within the boundaries of municipalities. I know that at the moment there is some litigation in this respect, and I feel sure the minister will give this matter study. I think very worthwhile advances have been made also in providing direction, and sometimes equipment, for the processing of lumber from the timber that is available on the reserves to aid the Indian to build for himself better accommodation. This move has certainly been worthwhile in our territory, and I think it could be extended. I wondered to what extent similar consideration is being given to directing Indians, and even providing them with certain of the basic equipment, in connection with fish processing.

In northern Ontario, according to my experience, most of the Indians today are at the mercy of the commercial fish brokers because they are not acquainted with some of the more modern methods of fish processing. I think some of the more basic equipment that is now available, and which is not expensive, as well as some advice on fish processing would have the result of giving the Indians better returns from their labours in catching fish. As a result of this lack of knowledge, and this lack of certain basic processing equipment, today the Indians are at the mercy of the fish merchants. Of course, if the Indian received a greater return there would be a benefit in the reduction of the welfare item. I think the same kind of attention ought to be given to this fish processing problem as has been given, in recent times, to the processing of lumber. I hope that will be done.

There are a great many difficulties, as I say, experienced by the municipalities. I must say I have found the department most sympathetic to these difficulties. I would only complain that I think, in some instances, inasmuch as we are able to rectify some things here, there may be some slight lack of knowledge on the part of the local agencies as to what is the desire in this respect. I am not one who believes, in so far as welfare and health matters are concerned, that the Indian who leaves the reserve is, forever and a day, a ward of the federal government. I think that might be a bar to integration. However, I am a great believer in a sympathetic attitude on the part of the department during what I might call the bridge stage when one would be moving from the reserve into the other type of life that would be lived normally by other Canadians. I believe that is the view of the director and, I am sure, of the minister. I just hope that it will be taken by municipalities and others who are constantly passing the buck and saying "once an Indian, always an Indian". It takes weeks sometimes for welfare and health situations to be taken care of. I hope there will be some more authority and conference provided to the local agencies so that they can deal with these things on the spot.

Mrs. Fairclough: The matter of fish supervisors does not properly come under this item but, nevertheless, if the hon. member will make available to the department his requests in this respect we shall see whether we can comply with them. The department is always ready and willing to aid with whatever equipment will make it possible for the Indians to pursue their particular activities with greater efficiency. The supervisors will be glad to co-operate. If the hon. member has some specific suggestions to make or if he wants more supervisors in the operation of fishing and the gathering and marketing of fish, we shall be glad to do what we can to help him.

Mr. Benidickson: I think in the larger lakes it can be provided without very much expense. I am thinking of lakes north of Sioux Lookout and Red Lake. I think that either by loan or gift certain filleting and other types of processing equipment could be provided. If that were done I think the Indian would soon have a very much greater return per pound for the work he has put in to catch the fish in the first place.

Mrs. Fairclough: We have assisted the Indians at Sandy lake in their goldeye program

and we shall be glad to assist any others who would like to benefit by the advice of the supervisors.

Mr. Howard: It may be that it is under this item that the question of the revolving fund comes, or does it come under the Department of Finance? I wonder whether the minister could indicate where this revolving fund could be dealt with.

Mrs. Fairclough: We can discuss it under this item.

Mr. Howard: Very well. I do not know what has been the experience of the Indians applying for a loan under the revolving fund within the last year, but at least prior to that time many that I know of had a sad experience in trying to borrow money from the revolving fund for purposes which they thought—and in many instances I agreed with them—were ones for which loans should be made. As I say, I do not know from any personal knowledge how this fund has worked in the past year. However, the operation of it can mean a great deal to individual Indians or to groups of Indians who may want to perform some work on a farm, buy additional industrial equipment for logging, as some of them do, for fishing, for some other pursuit or even for the establishment of a store on the reserve. In years past the experience has been that it has been most difficult to get money out of the department from this revolving fund.

As the minister knows, Indians are in a most difficult position in respect of borrowing money from a bank because of the question of collateral. Those of us who are at the moment in the upper brackets of income have no difficulty in going to the bank and borrowing, say, $1,000. But an Indian would find it almost impossible to borrow money from the bank. Generally speaking, the only source from which he can get a loan is the revolving fund. I think that if there were to be a relaxation with respect to the granting of loans from the revolving fund it would certainly do a great deal so far as fishermen are concerned in the way of assisting them in getting out of the clutches of some of the fishing companies they work for. They get tied hand and foot to a fishing company, renting a boat, renting their gear, renting everything and buying everything from a particular company. They wind up at the end of the year to find that they still owe money to the company and they start off the next fishing season in precisely the same position of being in debt. I wonder whether the minister could indicate what are the general requirements for borrowing money from the revolving fund; what amount of money is in there at the present time; what is the limit that any one individual may borrow, if there is any; and what is the total limit on the amount that may be borrowed from this fund.

Mrs. Fairclough: The main requirements are character and a reasonable ability to repay. I may say that just within the last couple of weeks two loans have been given to individuals in British Columbia, each for about $10,000. From April 1, 1957 to March 31, 1958, 131 loans were made. Those are by projects so I cannot say how many were to British Columbia. But over the period this fund has been in existence there were 128 loans to British Columbia.

Mr. Howard: Is there a set length of time for the loan? Is it on a five-year or ten-year basis or does it vary with the project? What interest rate, if any, applies?

Mrs. Fairclough: They vary according to the need of the borrower, but the average is about five years.

Mr. Howard: And the interest rate?

Mrs. Fairclough: Five per cent.

Item agreed to.

72. Grants to agricultural exhibitions and Indian fairs, $7,025.

Mr. Herridge: I have two questions I wish to ask the minister on this item. Why are these grants to agricultural fairs other than Indian fairs administered by this department instead of by the Department of Agriculture? Second, as the grants are all small, on what basis are they determined?

Mrs. Fairclough: I think the hon. member has misinterpreted the wording. They are all for Indians. But some of the fairs are agricultural fairs and some are Indian fairs.

Mr. Herridge: Mr. Chairman, but I did not understand the minister. Some of the fairs mentioned here are quite well known agricultural fairs.

Mrs. Fairclough: Yes; but they are for Indians.

Mr. Herridge: In what way are the moneys used for Indians at these fairs?

Mrs. Fairclough: If they will sponsor Indian exhibits and work in co-operation with Indians.

Mr. Herridge: That is to say it is a form of prize for Indians to undertake that work?

Mrs. Fairclough: Yes.

Item agreed to.

73. Fur conservation, $286,284.

Mr. Howard: I wonder whether the minister can explain how this operates? In what manner are fur-bearing animals conserved for Indians?

Mrs. Fairclough: The purpose of this vote is to promote the stabilization of the Indian economy by management, in co-operation with the various provinces, of the fur and wildlife resources available to Indians, both on and off their reserves, including assistance in marketing and management of the proceeds therefrom. Although the amount is relatively small, in terms of total expenditure, this vote is of the utmost importance to the Indians who live in areas where the only vocations available to them are hunting, trapping and fishing and who, by instinct and training, are proficient in these vocations. Alternative sources of livelihood are constantly sought and developed, but to many Indians there will remain for some time to come, only fur-bearing animals, wild meat and fish as a source of food and revenue.

Mr. Herridge: I would like to ask the minister a question on this vote. In view of the fact that the trap line of the Arrow lakes band of Indians has disappeared because of activities in the early days, is the government under this vote preserving their traditional trapping rights on the west shores of the Arrow lakes and on the slopes of the Monashee?

Mrs. Fairclough: We have received a report from the field on this particular problem, and I think I can best answer by reading that report:

> It is reported that Mary Ann Joseph, last member of the Arrow Lakes band, transferred her interest in the trap line referred to, to an Indian of the Lower Kootenay band, Lazarus Louie.
>
> The game branch advised that Lazarus Louie has not renewed his registration since 1949 but there is no indication that the line would be disposed of without consulting the branch.
>
> An interview with Lazarus Louie, holder of the line at this time, will be arranged to ascertain his intentions of either renewing the registration or disposing of the line to another Indian.

Mr. Herridge: I went to school with Mary Joseph.

Mrs. Fairclough: That is a recent report, just two weeks ago.

Mr. Herridge: I thank the minister for that information because I know the trap line there very well indeed. Will the minister assure me that the Indian affairs branch will make sure that the rights of these Indians are protected with respect to this trap line?

Mrs. Fairclough: Yes, absolutely.

Mr. Fisher: Could the minister tell us how much of this assistance went to Ontario and how much is handled by that province? I know they have a system of allocating trap lines to Indians on a preferment basis, but I want to know if any of the money goes in compensation to those trappers whose lines are let us say devaluated by pulpwood operations?

Mrs. Fairclough: The amount that was allocated to Ontario was $150,000.

Mr. Fisher: Why was the amount of $150,000 required by Ontario when by agreement the total federal assistance is only $145,000?

Mrs. Fairclough: It is just half the cost.

Mr. Fisher: Oh, I see.

Mrs. Fairclough: Half the cost, but the amount has always been over-expended by Ontario, which province has no difficulty at January 31 of each year in submitting amounts in excess of the $150,000, but of course that is the ceiling.

Mr. Fisher: Could the minister tell me whether there is any system of compensation to those people whose trap lines are affected, and the whole value of the catch and everything is devaluated by large scale pulpwood operations in their areas? This has happened to many trappers and I am thinking especially of the Long Lac and Marathon pulpwood operations.

Mrs. Fairclough: If there is any reason to believe that there should be some compensation the department looks into it. The ones mentioned by the hon. member are not known to the department as having been injurious to the rights of Indians. Apparently no protests were lodged.

Mr. Howard: I thought I heard the minister say, if the trap lines have been ruined and lost as a result of the situation mentioned by the member for Port Arthur, whether there is any possibility of reimbursement by this department. Did I understand the hon. lady to say that?

Mrs. Fairclough: No. If the trap line of an Indian is destroyed or damaged or otherwise interfered with, so that his livelihood is affected, and if he makes representations to the department, it is considered. Most of these are on provincial lands, and the matter is then taken up with the province and compensation is sought from them.

Mr. Howard: I thank the minister very much for saying that and my friend from Port Arthur for raising the matter, because we have a problem in British Columbia with respect to trap lines being ruined in this way. This has been the case for quite a

number of years and the position taken by the provincial authority is that inasmuch as the trap lines were on crown land the provincial government had the responsibility of considering whether or not reimbursement or compensation should be paid and up until this time they have seen fit not to make any compensation payments.

Their argument has been, and in my opinion it is a screwy one, "who is to say whether the entry into that trap line by a logging company drove the furbearing animals away; if a logging company had not gone in, the animals might still have gone away, so that the onus is not on us and we are not going to make any payments."

I can assure the minister that a number of representations will be made to her branch arising out of individual complaints that trap lines have been lost and that livelihoods have been affected by reason of logging activities in respect of crown timber, by reason of mineral claims and developments in respect of mines and by reason of hydro development and the flooding of trap line areas.

Mrs. Fairclough: We have secured compensation in the case of hydro developments and I might especially mention Kitimat.

Mr. Howard: You have paid compensation?

Mrs. Fairclough: We have secured it.

Mr. Pickersgill: I wonder if the minister has yet made a settlement with the Department of National Defence of the Cold lake business. I am afraid it was a terrible mess that I left her to settle, because the minister of national defence was not showing the generosity towards the Indians which I thought he should show and we never were able to reach a settlement. I do not expect an answer now because it is far too complicated a question, but I think the principle is, is it not, that in a case where any injury is done to an Indian trap line or an Indian's trapping rights the department seeks compensation from the person responsible for the injury, whether it is the provincial government, a private person or a corporation?

Mrs. Fairclough: That is right.

Item agreed to.

Education—

74. Administration, operation and maintenance, $14,805,968.

Mr. Howard: On the first item I raised a couple of matters with respect to education. One matter had to do with salary structures for teachers in the Indian affairs branch not being comparable with salaries in effect in the provinces, specifically in the province of British Columbia. I am wondering if there is any intention of so adjusting the salary structure of teachers in the Indian affairs branch that they will be comparable with provincial teachers' salaries?

Mrs. Fairclough: I might tell the hon. member that it is quite true our salary structure was low but it has now been increased and favourably compares with the salary structure for teachers right across the country.

Mr. Howard: Is there now a uniform salary structure in the Indian affairs branch across the country?

Mrs. Fairclough: Yes.

Mr. Howard: It appears to me that the salary structure of teachers might vary from province to province. I understand that the salary structure in the maritimes is quite low compared with that in British Columbia or that in other provinces. Is there an equitable situation between the provinces or how can we get the equation there?

Mrs. Fairclough: In government, as the hon. member knows, the same rates apply across the country. The rates are determined according to the qualifications of the individual concerned.

Mr. Herridge: Can the minister inform the house if the rates paid to teachers in this branch equal the rates paid to teachers by the Department of National Defence?

Mrs. Fairclough: The answer is, yes.

Mr. Pearson: May I ask the minister what is the policy of the government in regard to Indian residential schools?

Mrs. Fairclough: There is a continuing need for some of the residential schools. Where there does not appear to be a continuing need the pupils are being transferred to day schools.

With regard to the hon. gentleman's former question as to the Spanish schools, it is only the boys' schools which will be closed. No Indian boy will be denied the opportunity of high school education, and provision has been made to accommodate them in other schools.

Mr. Pearson: I am glad to hear that. There was also the factor of non-Indian pupils at these schools who would suffer some inconvenience. That I know, is nobody's fault. I am also glad that it is not the policy to close any residential schools which are needed.

Mr. Benidickson: I do not wish to delay the minister or the committee in passing these estimates but I should like to ask whether or not the minister is familiar with an offer which was made by the department of the provincial government of Ontario with

respect to education in the Red Lake area to which I referred when discussing the welfare item.

I simply want to know if the offer is still open as far as the province of Ontario is concerned with respect to something which would have to be rather new in the matter of a contribution to the education of Indians, during what I again refer to as bridge period, who are not actually at that moment on reserves.

Mrs. Fairclough: At the present time we are negotiating with the school board about that.

Mr. Benidickson: I have mentioned in addition the fact that very worth while work is being done for these Indians that is not being done by the public schools and I learned to my surprise that a new separate school is not going to take care of them, either. I know a good deal is being done through a United States church which has, I believe, 45 or 50 pupils in its school. No fees, as far as I know, are charged these pupils. Apparently there was some doubt in the department that they were catering solely to Indians and on that basis I understood there was some hesitation about considering a financial grant. They looked upon it as a private school. It is entirely a missionary school for Indians and I am wondering if this is under active review at the moment by the department.

Mrs. Fairclough: There is some doubt as to whether the provincial government is going to take care of their needs and the situation stands there.

Mr. Benidickson: That was not the actual doubt that was last expressed to me two or three weeks ago. The deputy minister indicated that he had some cause in connection with the request for some help, largely on the ground that he did not understand it was a school which was completely charitable and, secondly, which was catering entirely for Indians. He had understood it was in the nature of a private school catering to both whites and Indians. I admit that the situation is odd in that some, if not most, of the Indians are not actually living on reserves but if the minister and the officials will assure me that there is continuing and active conversation with the province of Ontario with respect to this I will be able to convey it to those who are very interested in the Red Lake district.

Mrs. Fairclough: That is true, but I am told it is a private school and that it is not under the inspector of the province of Ontario.

Mr. Fisher: Are there any educational facilities for Indians at either Lansdowne House or Weenusk?

[Mr. Benidickson.]

Mrs. Fairclough: There is a school at Lansdowne, but with reference to Weenusk there has been a seasonal school operated there if and when we can get staff to go in during the season.

Mr. Fisher: The place is about 600 miles north of Port Arthur and I doubt whether I will ever get into it but I understand there is a bit of a problem of Indian education there. It is one of the defence bases and I have heard from a white man who worked there that the conditions of Indian education were not very satisfactory.

Mrs. Fairclough: Yes, that is the one I have just mentioned, Weenusk.

Mr. Howard: Perhaps I might make reference to an allegation which appeared in a newspaper—whether factual or not I have no means of knowing at the moment—to the effect that the qualifications required of teachers in the Indian affairs branch were lower than those required of teachers teaching in the province of British Columbia where this comparison was drawn. I wonder whether the minister could comment on the accuracy of that report?

Mrs. Fairclough: It is not true.

Mr. Howard: The qualifications are normal?

Mrs. Fairclough: Yes.

An hon. Member: Six o'clock.

Mr. Pickersgill: Could we not carry on for one more minute and finish it?

The Chairman: Is it the pleasure of the house that we take one minute more?

Some hon. Members: Agreed.

Mr. Pickersgill: I will yield to the hon. member for Port Arthur.

Mr. Fisher: My question relates to the reserve at Longlac. Could the minister indicate whether there have been any difficulties in the reserve over the question of hydro power into the communities. I have been there personally; I still have not threshed out what the situation is but I know there have been general grievances with regard to hydro going into their communities. I wonder if the minister has anything in her files on that matter.

Mrs. Fairclough: I have not, but I will be very glad to look into it.

Item agreed to.

75. Construction or acquisition of buildings, works, land and equipment, $6,647,200.

Mr. Benidickson: I just want to say on item 75 that the minister's predecessor in March, 1957 assured me that the residential school

at Fort Frances would be reconstructed. The officials of the department said it was not worth repairing. Construction has not started, and I wonder whether the minister has any information.

Mrs. Fairclough: The Department of Public Works is working at the present time on the design for the school.

The Chairman: It being six o'clock I do now leave the chair.

Mrs. Fairclough: Mr. Chairman, if there is not going to be too much discussion could we take item 76?

The Chairman: Does the committee agree to follow the course suggested by the minister?

Some hon. Members: Agreed.

The Chairman: Shall item 75 carry?

Item agreed to.

76. Grant to provide additional services to the Indians of British Columbia, $100,000.

Mr. Howard: Mr. Chairman,—

An hon. Member: Oh! Sit down.

Mr. Howard: I say to my hon. friend over there with the big mouth that I do not wish to get into harsh words with him, whoever he may be. Since I come from British Columbia and since the minister wanted to proceed with this item I thought it only fair that we might be permitted to make a comment or ask a question specifically with respect to the conference of Indians that was held in Vancouver, British Columbia a few months ago. This item was discussed at some length at that conference. Can the minister indicate what arose out of that conference with respect to the distribution of this money and what the plans are at the moment with respect to the recommendations of the conference?

Mrs. Fairclough: It was suggested that the branch continue to spend this money with the assistance of three Indian advisers from different parts of the province. Right now we are endeavouring to secure those persons.

Item agreed to.

Welfare and economic development of Indians—

539. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,000,000.

Mr. Howard: This is a substantial increase. It is $1 million for welfare and economic development of Indians. Compared with the original amount, which was a little over $1 million, it is almost a 100 per cent increase. May we have some details?

Mrs. Fairclough: It is for a housing program. We hope to proceed with it at once. It is for housing which is badly needed.

Mr. Howard: Where?

Mrs. Fairclough: I presume the hon. member is most anxious to know how many are to be built in British Columbia. There will be 126 in British Columbia and the Yukon, 86 in Alberta and the Northwest Territories, 115 in Saskatchewan, 70 in Manitoba, 50 in Ontario north, 25 in Ontario south, 55 in Quebec, and 11 in the maritimes.

Mr. Fisher: Is the lower figure for Ontario north in relation to Saskatchewan and Manitoba an indication that the facilities there are now considered to be higher or more adequate?

Mrs. Fairclough: I do not think it is particularly that. It depends on the area and the need which is estimated to exist in the area.

Mr. Howard: Would it be possible for the minister, probably not at this time unless the information is readily available, to give us a breakdown of where the 126 will be built in British Columbia, on what reserves, and so on?

Mrs. Fairclough: Would the hon. member be satisfied if I put it on *Hansard*?

Mr. Howard: Yes.

Mrs. Fairclough: The places are as follows:

British Columbia and Yukon

Babine agency—3 new houses	$ 6,000
Bella Coola agency—6 new houses	12,000
Burns lake agency—8 new houses	12,000
Cowichan agency—14 new houses	14,000
Fort St. John agency—5 new houses	7,250
Kamloops agency—7 new houses	12,000
Kootenay agency—4 new houses	7,000
Kwawkewlth agency—9 new houses	14,000
Lytton agency—5 new houses	9,000
New Westminster agency—7 new houses	13,000
Nicola agency—3 new houses	7,000
Okanagan agency—6 new houses	12,000
Queen Charlotte agency—3 new houses	3,000
Skeena river agency—2 new houses	4,000
Stuart lake agency—10 new houses	12,500
Vancouver agency—9 new houses	18,000
West coast agency—7 new houses	13,000
Williams lake agency—7 new houses	13,000
Yukon agency—11 new houses	38,227
Total	$227,000

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

NATIONAL FILM BOARD

226. Administration, production and distribution of films and other visual materials, $4,103,346.

The Chairman: Shall item 226 carry?

Mr. Pickersgill: No. I am sure the hon. lady would like to tell us a little about the film board.

Mrs. Fairclough: Mr. Chairman, this is one of those divisions of the government which is interesting and whose activities are complex. At a total additional cost of $92,380 this year, the board will be increasing during the present year the number of foreign versions of its films and will provide the deferred replacement prints for film libraries operated by the Canadian posts abroad, together with additional copies of new releases, and will supply a basic library for two new Canadian posts at Kuala Lumpur, capital of Malaya, and at Accra, the capital of Ghana.

The board has strengthened its science film division and wishes to increase by $31,500 its allotment of funds, bringing its budget up to $95,230.

Finally, the board wishes to commence the survey of 60 million feet of film held at Pendleton airport, 40 million feet of which is on cellulose nitrate base, an extremely hazardous substance. In the footage held in a hanger at Pendleton airport, in edited or unedited form, are materials from world wars I and II, the Canadian motion picture bureau, plus numerous miscellaneous accessions from government departments and others. The survey for which $20,000 is allocated will determine which portion of the material must be transferred over a period of years to film with an acetate base and also which part of it must be maintained as part of Canada's permanent historical records on film.

With respect to the distribution activities of the board, I should like to inform the house that during the fiscal year 1957-58 the board, through Canadian posts and film libraries, reached an audience of 21,008,919. Canadian films are being shown daily by the national film board in the Canadian pavilion at the Brussels fair. Approximately 3,000 visitors a day attend screenings in the 280-seat theatre operated by the national film board in the Canadian pavilion. In Canada in the last year, through the co-operation of 496 community film councils and other national and local voluntary associations and on the film board's own circuits 32,000 showings have taken place. In the northern territories and the Arctic alone the board has distributed, through the co-operation of the Department of Northern Affairs and National Resources and the Department of Transport, 4,500 films. These figures do not take into account the mass audience which has seen national film board productions over the Canadian Broadcasting Corporation national network or on private stations through local bookings.

[The Chairman.]

Mr. Pickersgill: I have one or two observations I should like to make about the film board. I am not going to embarrass the hon. lady by asking whether she thinks the film board is efficient but I do want to say a word about the subject she first mentioned in her observations, the preservation of old film going back to the first world war. If I caught the purport of the hon. lady's observations correctly, it is the intention of the present administration to preserve all of this valuable historical material that can be preserved. I am afraid from what I learned that there is some of it in such a state that this may be very difficult.

Mrs. Fairclough: It will be edited.

Mr. Pickersgill: I know I had some little difficulty persuading a hardhearted treasury board to make provision for starting this work and I hope the hon. lady is as successful with the present Minister of Finance as I was with his predecessor because I think in the future this is going to be one of the real treasures of our country. As to the film board itself, I think the hon. member for Dollard, in whose constituency the film board is now situated, would like to make a few observations. I do not intend to make any except to say that there is an apparent increase in the estimates of $239,000 and I was not sure that I caught the reasons for that increase.

Mrs. Fairclough: As a matter of fact, I started to speak about the foreign versions of films and I am afraid I overlooked the introductory remarks which would have explained it. The amount requested this year is $4,258,918 which is a net increase of $239,230, of which $152,562 is required to cover the increased cost of maintaining existing activities at the level of last year and $143,880 of which represents the cost of extension of activities and new projects. I enumerated the new projects. The difference is unrequired new building vote.

Mr. Rouleau: Mr. Chairman, I find myself in a most difficult position tonight in discussing the estimates of the national film board. As I am still a bachelor I hate the idea of arguing with a lady, and being convinced that the national film board is doing good work for the Canadian people and for Canada it is hard for me to find room for criticism. But having in mind what the hon. lady said a few years ago in the house, that despite the fact that she was a woman she

would not ask for any quarter, I feel very much at ease in discussing the film board, and also because I have in mind that there is always room for improvement. Before making the few remarks I wish to make, I should like to ask the minister why we were not able to obtain the annual report of the film board for the year 1956-57 until today.

Mrs. Fairclough: I understand there was some difficulty about the 1956-57 report. It was tabled, as the hon. member may know, on October 21, 1957, by the acting minister of the department. The responsibility for printing and delivering the report rests with the queen's printer. I do not know where the distribution fell down but in any event the report is available and can be procured by any member.

Mr. Pickersgill: Was it tabled in manuscript form?

Mrs. Fairclough: No, it was tabled in printed form.

Mr. Rouleau: I should like to pursue my remarks in French and I hope the minister will forgive me.

(Translation):

It was on September 24, 1956, that the new national film board building was officially opened in Montreal, more exactly in the city of St. Laurent. On that occasion, we had the honour of playing host in Montreal and in the city of St. Laurent to federal and provincial government officials and to representatives of universities and colleges all over Canada. It was a great honour for my constituency of Dollard, and for the people of Montreal island.

All present at the opening were greatly impressed.

As member for Dollard, I must say that, when I looked at the national film board report for 1955-56, I felt proud of the frontispiece showing a picture of the new building, against the background of the city of St. Laurent and the constituency of Dollard.

At the opening of the NFB building his worship Mayor Cousineau, of St. Laurent, congratulated the hon. member for Bonavista-Twillingate (Mr. Pickersgill), then minister of citizenship and immigration who was responsible for the NFB in this house, for having transferred the film board to the city of St. Laurent and for having caused this magnificent building to be put up with the co-operation of the minister of transport. These events took place in 1956. But then in 1958, this mayor of St. Laurent, Mr. Cousineau, became an official candidate of the party of the present Prime Minister (Mr. Diefenbaker) and this time complained of the national film board being there and even indicated to the people of the constituency of Dollard that it was a charge on the municipality.

I then told the people of Dollard that nothing could be farther from the truth. On my arrival in this house, at the very beginning of the session, I put a question on the order paper asking what advantage could accrue to the city of St. Laurent from the fact that the national film board was situated there. I was told that in 1956 the national film board had paid $23,075 to the city of St. Laurent, in lieu of taxes, and $128,807 in 1957. I was also told that in future the city of St. Laurent would receive an annual payment of $130,000.

(Text):

I wanted to bring this to the attention of the committee, Mr. Chairman, because it reminded me of the fuss made by the Conservative opposition in 1954 when it was decided by the Liberal government to move the national film board to Montreal, and more particularly to St. Laurent in the constituency of Dollard. In spite of the criticism of some members of the Conservative party, the move was authorized and the new building opened its doors in the fall of 1956, as I just said in French.

The film board had to be located in a large cultural centre not too far from the capital city, where transportation facilities were available, having in mind the bilingual status of Canada, and in a place where cultural and creative talents were easily available in the two official languages of Canada. As stated in the report of the national film board for the year 1955-56, and I quote:

> The building site was chosen after 21 sites had been carefully investigated, not only with regard to transportation, proximity to residential areas, utilities, soil conditions and other pertinent factors, but also with special consideration for such relevant conditions as ground vibration, noise levels and atmospheric contamination. Sound and vibration tests were carried out with jet aircraft overhead, heavy trucks on the highway and diesel trains on the neighbouring railway—all conditions common to metropolitan areas.

The government of that day found no better place than Montreal to meet the requirements I have just outlined. I was glad that St. Laurent, situated in the constituency of Dollard, was chosen as the site of the national film board. If the people of Canada now have reason to be proud of the beautiful

building which houses the board, we in Dollard are very proud to have that board in our district. In its new building the board carries on the good job it has been doing since its creation. The working conditions are ideal.

It is stated in the annual report of the national film board for 1955-56, and I quote:

> New quarters, to house the board's equipment and staff once the move was over, were specially designed to meet the necessities of film-making under modern conditions, including colour, wide screen techniques and television requirements. Every measure was taken to ensure that the installations in the new building were adequate for the program of the board and technically up to date in all possible respects.

When it was decided to build the $6 million building for the film board, we were accused as usual by the Conservatives of waste and extravagance. We realize now, once again, that the Conservative accusations came out of the blue. Those accusations of waste and extravagance have disappeared. The Conservatives, now in office, have just awarded a contract to a Montreal firm for a $350,000 addition to the national film board building. I am glad to see that the present minister is aware of the importance of the national film board, and its needs, if it is to discharge its responsibilities to the satisfaction of the people of Canada.

We owe the present building to the foresight of Messrs. Winters, Harris and Pickersgill. The hon. member for Bonavista-Twillingate attended the opening of the national film board as the representative of the government. The people who met him on that occasion remember him as a man of foresight, action, devotion to duty and a great Canadian.

As stated in the annual report for 1956-57, at page 3,

> Now, for the first time in its 17-year span of operations the combined facilities of the board—production, technical operations, administration and distribution branches—are located under the one roof.

Almost 500 people, many of them skilled technicians and craftsmen, are employed in the new building. In the spring of 1957, Mr. Guy Roberge was appointed government film commissioner and chairman of the national film board. Under his able direction the national film board in its new building has taken advantage of its many facilities and has done an outstanding job. Under Mr. Roberge's direction the morale of the national film board and of its employees has never been so high.

In the past year the film board has produced, to my knowledge, outstanding films. I should like at this time to commend the national film board for its production of the film entitled "The Sceptre and the Mace" which was a report of the royal visit of 1957. This production, which has been seen by millions of people, is further proof of the high skill of the people of the national film board.

I should like also to mention the films produced under the direction of Mr. Norman MacLaren, who is, I should say, one of the best ambassadors Canada has. From what I know and from what I have heard, his films are known and admired all across the world and have been awarded prizes at many European festivals. I sincerely hope that the minister and the government will see fit to continue providing the national film board with all the facilities possible to enable them to do their job and achieve the aims and objects which have been assigned to that board. It is my strong belief that Canada cannot do without a body like the national film board. Again, I wish to say how happy I am to have the national film board in my constituency. I hope that the present minister will find it convenient to visit the building before long.

I may add that I would be pleased on that occasion to show her around the surroundings of the film board, that is, St. Laurent and the constituency of Dollard. I am quite convinced that her charms will conquer the hearts of our people. If I am not eager to see her at election time, I will be very happy to see her in my riding in between elections.

Mr. Pearson: I have only a word to say about the film board. I should like to congratulate the board, through the minister, on the work it is doing and especially, if I may say so, upon its contribution to the projection of Canada abroad.

I have had some experience with the results of that work and they are admirable. The board that has done that work has done a great deal to make Canada known abroad and in the right way.

The other matter that I want to mention was touched on by my colleague the hon. member for Bonavista-Twillingate and it is this. I am glad to hear from the minister that the board is proceeding with the work of the preservation of these earlier war films. I am not quite sure of the technical considerations involved but I would hope that perhaps, in the relationship between the board and the C.B.C., it might be possible to show some of these films on television. The reason I say that is that, along with other members, I have been immensely interested in the series the C.B.C., is showing, I think by arrangement with the B.B.C., of British war films and American war films of the second war. If that could be done with Canadian films showing Canadian participation I think it would

be of educational value and it would be of great interest to viewers.

May I just conclude by expressing my satisfaction with the work that is being accomplished by the board.

Mr. Herridge: I want to express our appreciation of the good work being done by the film board both at home and abroad. I can wholeheartedly support the complimentary remarks made by the previous speakers in this discussion. However, I do not want to take up the time of the house by repetition. I want to bring to the attention of the minister and of the committee one particular aspect of the film board's activities that I think have been very much worth while indeed. I refer to the programs of the film councils throughout the country. I think it was called a brain child of the board which some years ago I remember was criticized quite severely in some quarters as were some other policies of the film board. But the more people come to understand the value of these film councils, the greater support they get.

To illustrate that point I simply want to deal for a few moments with the success of the film councils in Kootenay West which, of course, is inhabited by a very progressive population. There are local film councils throughout the district which are operated under the sponsorship of boards of trade, service clubs, women's institutes, farmer's institutes and so on. They are associated together in the Kootenays under the direction of the Kootenay film council. Before proceeding further I must say how much we appreciate the excellent work that is being done by Mr. William Orr in organizing the activities of the film councils in the Kootenays and in getting much greater support for and appreciation of their activities. In the Kootenays we have the Kootenay film festival which has about 6,000 patrons annually. I think that is a very good record for the population. Then we have the children's film society, which organization had an attendance of some 29,000 at various film showings and so on. Then we have had some extremely interesting discussion groups, lectures and other activities associated with the film council based on films supplied by the national film board, sponsored by the parent-teachers association. They have asked me to say how much they appreciate the films with which they are being provided and the co-operation and assistance of Mr. William Orr in this connection.

I might say that I am not boastful in any respect. I am only speaking of things of which I have knowledge. We have in our district a group of people who have creative ideas. There have been several activities undertaken in Kootenay West for the first time in British Columbia, ideas which we are certain have actually been copied in the last year or two as far away as Dublin. I just mention that matter in order to indicate how this participation in this form of cultural activity brings out talent and interest that goes unnoticed without this type of organization.

With those few words I want to express again the appreciation of all the people in Kootenay West who are interested in film council work for the work of the national film board and the co-operation that has been extended to them, so willingly and so beneficial to young and old alike.

(Translation):

Mr. Pigeon: Mr. Chairman, I want to commend the hon. minister who is discharging her responsibilities with care and efficiency. I must say that she has shown herself superior to the former minister of citizenship and immigration, the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

May I say a few words about the national film board whose aim is to make Canada known abroad and to inform the people of Canada. The high technical quality of our films is recognized throughout the world. Yet we must not forget the formative aspect of film, but rather try to stress moral values and respect their priority. The national film board's mission should be to counteract bad films and bad publications.

Mr. Chairman, the hon. member for Dollard (Mr. Rouleau) a few moments ago mentioned Mr. Cousineau. I am pleased to tell this house that the present mayor of Ville St. Laurent administers his town perfectly and sees to its progress. As a matter of fact, if the national film board is established at Ville St. Laurent, it is probably due to the good administration of the present mayor, Mr. Cousineau.

Mr. Rouleau: Mr. Chairman, I shall hardly be expected to answer the remarks just made by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon).

(Text):

I should like to say, however, that I was extremely glad to hear the hon. member for Kootenay West say that the film councils were doing a very good job in his own constituency. Film councils are doing a very good job all across Canada. I know that film councils do not come under the jurisdiction of the minister but I know for a fact that film councils have been promoted by the national film

board. I should like to know from the minister whether, since the advent of television in Canada, these film councils have diminished.

Mrs. Fairclough: They have increased.

Mr. Pickersgill: I was intrigued by what the hon. member for Dollard said about another building being constructed. I had not realized that previously. Can the minister tell us what it is for?

Mrs. Fairclough: That is the vault which is being built to store films.

Mr. Pickersgill: It is right there on the same premises?

Mrs. Fairclough: Yes.

Mr. Herridge: I just rise to mention briefly something that I overlooked. I was asked to bring this matter to the attention of the minister and the officials. Sometime in the future, owing to the great interest in and the great importance of the Columbia basin to the development of British Columbia and to Canada and the great opportunity for filming wonderful scenery, dam sites and remarkable characters on some occasions, the people I represent would like the film board to give consideration to filming a documentary of the Columbia river basin which would include its history, its beauty, its opportunities for development and its unique character.

Mrs. Fairclough: May I assure the hon. member that the Columbia valley will not be overlooked. This year the board is undertaking to film a portion of the Fraser valley, and Kamloops and the vicinity. Eventually it will get around to the Columbia valley.

Mr. Herridge: That is splendid.

Mr. Rouleau: In the report of the national film board for the year 1956-57, at page 2, I read the following:

> The purpose of the National Film Board is stated in the National Film Act of 1950: "to initiate and promote the production and distribution of films in the national interest, and in particular to produce and distribute, and to promote the production and distribution of, films designed to interpret Canada to Canadians and to other countries."

I know the minister has had an opportunity to see the work of the national film board at first hand and would she care to comment on the role the film board has played both as an agent of the government and in relation to the film industry as it presently exists in Canada?

Mrs. Fairclough: Mr. Chairman, that is rather a broad assignment. However, may I say first of all that we are not in competition with private producers. The kind of film which is produced and distributed is intended to fulfil the purpose described in section 9 (a) of the act. National film board films are produced in the national interest. They are information films; they are not of the type which a commercial firm would order through a private producer, at least speaking generally.

In distributing its films through such commercial channels and theatres, television and commercial distributors, the board charges standard commercial rental or royalty rates. In the distribution of its films in Canada as well as abroad, the board attempts to obtain the cost of prints from the user wherever possible. It should be noted that in the sale of its films or prints in Canada the board is competing primarily with information films brought in from abroad, since few of the information films produced by Canadian producers are offered for sale to the general public.

Mr. Rouleau: I thank the minister for the information she has given me, and would ask her, since the annual report for last year is not available, if she would kindly inform the committee of the number of films produced by the national film board for television showings and for public cinema showings and, thirdly, to fulfil the orders of government departments.

Mrs. Fairclough: Of the total number produced last year, namely 318, there were 73 for first release on television, 46 of those being English films and 27 French; there were approximately 20 films produced for first showings in theatres and there were 56 films produced for government departments or agencies. The rest were part of the general program of the board.

Mr. Rouleau: May I ask the minister another question. I know the national film board has been distributing films all across Canada except, for a while, in the province of Quebec. Could the minister tell us whether any films have been distributed in that province during the last two years and, if so, I would like to know the numbers of showings in Quebec?

Mrs. Fairclough: Of the theatrical bookings which numbered 7,484, there were 630 French bookings. As the hon. member will know, one booking may have involved several showings. So far as television is concerned, there were 5,866 telecasts of which 1,485 were French.

I think the hon. member also asked the number of showings, outside of cinema and television showings. There were 21,927 showings at which the attendance was 1,853,202.

Mr. Rouleau: Could the minister tell me if showings of national film board films are

given to the public at the national film board building and, if so, is there any charge to the people seeing those films there? If there are such showings I would like to know how many were involved.

Mrs. Fairclough: There are no public showings of films at the film board headquarters except to groups, in which case there is no charge.

Mr. Rouleau: Do groups such as the minister has mentioned have to have certain qualifications to entitle them to showings at the national film board itself?

Mrs. Fairclough: They are usually organized groups who intend to pay a visit to the board and they are shown around. We know in advance they are coming and if they are interested in some particular film we try to make arrangements to show it to them.

Mr. Rouleau: Thank you very much.

Mr. Brassard (Lapointe): I would like to say a few words on the first item, and I hope the hon. lady will forgive me for using my mother tongue.

(Translation):

Mr. Chairman, I had the privilege of going to Brussels after the famous NATO conference in Paris. I merely wish to pay tribute to the national film board which is doing a tremendous job in Brussels. I spent about four days at the Canadian pavilion there and saw huge crowds scrambling for seats in the pavilion's projection hall.

I am all the more anxious to pay tribute to national film board officials, because of the fact that the pearson in charge there is working under rather difficult administrative conditions.

I apologize for taking up the time of the committee to say those few words, but I wished to let my colleagues know that even though the NFB was removed to Ville St. Laurent, as a result of representations by my friend the hon. member for Dollard (Mr. Rouleau), it is doing a marvellous job.

(Text):

Item agreed to.

NATIONAL GALLERY OF CANADA

228. Administration, operation and maintenance, including industrial design division, $554,575.

Mr. Fisher: I have just two questions to ask on this item. Firstly, I wonder whether it is true that in connection with the design originally prepared for the building that is going to be built a start was made by the gallery people themselves whom one would imagine would have a fairly good understanding of what they wanted and that the Department of Public Works did not accept their particular ideas and design and the resulting building is strictly a Department of Public Works affair.

Mrs. Fairclough: I am not sure that in the shuffle I did not lose the import of that question. Is the hon. member asking me with regard to the new building which is being erected?

Mr. Fisher: I have already heard a number of aesthetic complaints about the facing by people saying: this looks like another monumental Grit building. I have heard it said or alleged that there was a design prepared by the national gallery people themselves which the Department of Public Works did not accept because they did not feel it was monumental enough, though this national gallery design was simple, chaste, and, they thought, beautiful. The result is the Department of Public Works is not completely in line with what the gallery people had in mind.

Mrs. Fairclough: As a matter of fact this is only a temporary building to serve the gallery until the new building, which may be built in a few years time is ready. The building which will house the gallery will probably be of different construction. This particular building is, I understand, being erected to be, eventually, an office building. The national gallery is merely a temporary occupant.

Mr. Pickersgill: I should like to say a word about this because I know what the facts were. There was a nationwide competition for a design for a national gallery and it was won by a firm of designing architects in Winnipeg. When it was decided not to proceed with the work on a permanent gallery—and in my opinion this building will be the permanent gallery for the lifetime of everyone in this chamber—it was considered by the government that the proper thing to do would be to give the architect who had won the prize for the original design the job of designing this temporary building.

Mr. Herridge: I should like to say a word in appreciation of the good work done by the staff of the national archives and the national library—

Mrs. Fairclough: This is the national gallery we are talking about now.

Mr. Herridge: Yes, and I want to advance a suggestion in view of the remarks made by the two previous speakers with respect to the design of the proposed new building. I ask the minister to pass this on to the Minister of Public Works. We do hope that the new building will be a fitting building

for the cultural activities it is intended to house. I want to bring to the attention of the minister that in the middle ages up to quite recent times in Europe buildings of this type—state buildings and other national buildings—were often surrounded by what were known as gargoyles which were symbolic of mythical creatures which existed in the middle ages and previous days.

I want to make a suggestion in this respect, and I hope the minister will take it as a creative suggestion coming from Kootenay West, that in this type of building there would be a good opportunity to pay a tribute to the gentlemen of the press and those interested in literary activity. I would suggest that the architects have splendid models in the moving gargoyles who move along the rails above our heads to the right from day to day, and that there you have some excellent patterns for gargoyles—you have them bearded and with whiskers, you have them clean-shaven, you have them bald; gargoyles of all types and descriptions which would provide enough inspiration to furnish this new building with gargoyles replete with character and charm which, I think, would go with this type of structure.

Mrs. Fairclough: I think, Mr. Chairman, we could also get some from the floor of the house.

Mr. Pearson: I could give you eight.

Item agreed to.

PUBLIC ARCHIVES AND NATIONAL LIBRARY

318. General administration and technical services, $582,826.

Mr. Fisher: The first question I want to ask the minister she will probably be able to answer in the absence of the particular official. I wonder whether the minister can straighten out what may have been misconceptions that have arisen about the work and attitude of Dr. Lamb as a result of some comments and criticisms which were made in the other place the other day.

Mrs. Fairclough: I will be very glad to do so because I think it was rather unfortunate that when questions were asked in the other place Dr. Lamb was in Europe. He is still there. Neither he nor his office gave the negative reply which appeared. It was one of those confusing things which sometimes happen, but because of the question which was raised we were in touch with Dr. Lamb and he left it to the minister's discretion to decide whether the speech which was requested should be tabled or not.

I may say this address was given in his capacity as president of the Canadian historical association, and that it has received some notoriety because of the remarks which have been made in the other place. The text was turned over by Dr. Lamb to the editor of the Canadian historical association. It is now in the hands of the printer and it is to be published in the annual report of the Canadian historical association, probably in November. Dr. Lamb will be back in Canada in a month or so, and in this situation I propose to wait until he returns to find out whether he thinks it necessary to have an advance copy of his address tabled before the journals of the association are available.

Mr. Pickersgill: Was not this speech a public speech made in a public place in public session?

Mrs. Fairclough: Yes.

Mr. Pickersgill: It seems to me this is a tempest in a teapot about absolutely nothing.

Mrs. Fairclough: I agree with the hon. gentleman and I think it is most unfortunate that aspersions should have been cast on the good name of a very excellent official.

Some hon. Members: Hear, hear.

Mr. Fisher: I want to ask the minister a long range question. I would like to have her answer next year on her estimates. I am bringing up this question now at the request of a number of people of the same occupational group as myself, that is, librarians, I will not say in an official capacity. I have heard it discussed a number of times that the set-up of having a public archives and the national library under the one administrative head is not exactly satisfactory from the point of view of the library aspect of the matter and I want to make some criticisms later of the national library which would indicate more particularly the point I have in mind.

There is really very little connection between a library and an archives except that they both have printed material used for research. A library is a much more active institution with a much wider range of material; it is not riveted down to government departments or their histories. I am not making this suggestion because I feel that Dr. Lamb, for example, should be dispossessed of one or the other. It seems to me it might be considered and I would like to have the minister's view after she has been in charge for a while as to whether she thinks it would not be worth while to separate the two from an administrative point of view.

One of the other difficulties, I may mention in passing, is in our habit in Canada of alternating an English-speaking and a French-speaking person at the head of affairs. In the situation we have now, Dr. Lamb has

an academic background that tends towards archives and Dr. Tanghe has an academic background that ends towards librarianship so there is an alternative there, but that could easily break down in the future and I wondered if it might not be better to consider having a librarian for the librarians' work in the national library and having an archivist separately.

In connection with the archivist there is one question I wish to ask the minister which is peculiar to a new administration taking over. The most difficult problem any archivist has is the obtaining of correspondence of ex-ministers of governments. This is a problem that every country that keeps a public records office has encountered. In most cases it is a voluntary arrangement. In Canada the situation is such that Dr. Lamb goes around and negotiates with ex-ministers. There are no sets of regulations or rules that spell out anything so far as I know so that incoming ministers would have some idea of their responsibilities and their duties in this regard. It was very welcome news to hear that when he turned over his papers to the archivist the Right Hon. George Drew gave them with an open hand. As I understand it, he turned them over practically holus bolus without bothering to sift through them. If one of the main purposes in keeping archives is for historical work in the future, the ministerial files that should be kept are those which should have a historical background rather than have a minister himself make the decisions on personal grounds. At the same time the minister—or the ex-minister I suppose it would be, in most instances—would certainly need to be consulted. Since we have a new cabinet, Mr. Chairman, I wondered whether it might not be the time to try to lay down a policy and some rules which would never be hard and fast but which might make the task of the archivist easier in the future in so far as ministerial records are concerned.

We have a couple of ex-ministers present and perhaps they could give us the best judgment of all on the difficulties connected with this matter.

I noticed in the New York *Times* for August 27 that the United Nations produced last year material for the archives at the rate of 242,855,500 pages. This amount of material was produced in one year. That indicates, I think, as the minister is probably aware after talking to the archivist, the tremendous pressures that are going to be placed on libraries and archives because of the monumental nature of government publishing. That is another reason why I think the archives, in the long run, should be separated from the national library aspects of this problem, since more and more the archives, especially on the United States pattern, are tending to become very bulky record setters. The object of such bulky records is always to get the cheapest possible storage rather than the more expensive when you have the kind of show building a library usually is. Therefore, there are very good arguments from the cheapness point of view to separate the archives from the national library. I know the experience in Britain has been that the public record office contains at the present time really a historical selection rather than the more recent governmental productions. For these reasons I would like to ask the minister to consider this whole problem. I do not make this suggestion with the thought of criticizing the people who are involved with the work at the present time; I just thought it would be worth while to bring it up.

There is one other question I want to ask in connection with the public archives. I believe it comes under this item. I wonder what the situation is with regard to Laurier House and the present set-up? What will be the situation in the future from the point of view of personnel?

Mr. Pearson: Mr. Chairman, I should like to say a word about the first suggestion my hon. friend has made because I am very interested in this both as a person who has an interest in the historical material for research and eventually for publication and also as an ex-minister who had a certain amount of material when he vacated his portfolio. It seems to me that there are already very clearly defined rules laid down for that sort of thing. When a minister goes he has no right to take away any material which is official or confidential and which is not personal in character.

In the first category, the material which is official material he leaves behind and presumably it becomes the responsibility of the new minister of the department to decide what to do with it. But certainly the incoming government would have no great difficulty with it. With respect to laying down rules, I know my hon. friend did not have in mind rules that pose any obligations, but even with that qualification, would the incoming ministers not have great difficulty laying down rules on what should be done with regard to material of outgoing ministers? I quite agree it would be helpful if there could be some way in which the archivist and the staff could have access to the material. It would become the custom that those papers should be turned over to the archivist. It would have to be left entirely to the discretion of the person who

has possession of the papers and it would be very difficult indeed to lay down any rules or regulations covering this matter.

Mr. Pickersgill: I should like to say a word about this also because it does seem to me that it would be inimical to what the hon. member has in mind if any attempt were made by the government to lay down any kind of rules about these matters. After all, those papers are the private property of the ex-minister and he is not going to cede his private property to the archivist in most instances unless he can do it entirely on his own terms.

I have had some little experience with this. I think hon. members know that I am one of the literary executors of the late Mr. Mackenzie King. I also had something to do with the papers of the former prime minister. It does seem to me in these cases and in other cases I know about that there is nothing that can be properly done except to leave it to the individuals themselves and hope that out of a sense of patriotism and a regard for history, as I believe is increasingly the case, they will pass their papers over to the archivist while retaining ownership of them. The hon. lady will wish to explain the provisions for storage herself. There are provisions for that in the new records building.

It might interest the committee to know that until Mr. St. Laurent became prime minister there were no files in the prime minister's office except personal files. He was the first prime minister in the history of Canada who made a distinction between official files and personal files and left certain official files in the office when he left. Up until that time every prime minister from confederation on took everything away. Nothing was left but the filing cabinets. I believe in one or two instances even they were not left when there was a change of government. It was a quite extraordinary and, I might say, a very difficult problem to sort those files and to keep them sorted in the proper way; but I think it is going to be immensely to the advantage of the country and to historians in the future that that was done.

Mr. Crestohl: Mr. Chairman, in dealing with the problems raised by the last three hon. gentlemen perhaps the minister will also deal with this one. I see no provision for the acquisition of any material that might go into the archives, such as items of interest, Canadiana, that might be held by private citizens. Will the minister say a word as to how those items are acquired, whether there is any provision to purchase them and, generally speaking, the over-all historic items which turn up from time to time in the country and which are in the archives? How are they acquired by the government or by the chief archivist?

Mrs. Fairclough: If the hon. member will look at page 449, I think it is, of the details, he will find an item of $20,000 under "objects". As he may appreciate, the acquisition of specific articles, works or objects is a matter of personal approach in many cases, an activity in which the dominion archivist is quite apt. He has done an excellent job in acquiring objects which might be of value to the archives.

I should like to refer to some remarks made earlier. The hon. member for Port Arthur referred to the great activity which centres around the library in contrast to that which centres around the archives. I think one must bear in mind that this is not a public library. This is not a lending library. Both the national library and the national archives are depositories whose nature is that of reference. It seems to me quite appropriate that a person of the capacity of the dominion archivist and the national librarian should, at least at the start of a national library, have the dual administration. I also draw the hon. member's attention to the fact that there is an assistant dominion archivist charged with the activities of that branch and there is also an assistant librarian charged with the activities of that branch. The two are co-ordinated under one administrator.

Mr. Pickersgill: It is true, is it not, that there is no organic connection between them whatsoever? It is just like the situation when the Minister of Public Works was also Minister of Defence Production.

Mrs. Fairclough: That is quite right but the time may come when the national library, being housed by itself and having grown in stature and importance, may require the full-time services of a national librarian as distinct from the archivist, but for the present I think the two positions are being handled very efficiently.

I think the matter of the availability and depositing of ministers' papers has been adequately dealt with by the Leader of the Opposition and the hon. member for Bonavista-Twillingate, both of whom have had experience in this matter.

With regard to Laurier House, it is an endowed institution, of course, and we expect it will carry on as it has heretofore. I might say my own feeling is that we could do with more of these historical places and I hope that as Canada grows older more persons connected with the national life of

the country will make premises and funds available to perpetuate historical places.

Mr. Fisher: I did not want the minister to think from my comment that I had anything against Laurier House. I just wanted the assurance that the present government was interested in it. I feel I did not make my point too well, no matter what the Leader of the Opposition and the hon. member for Bonavista-Twillingate said. Their statements would seem to indicate that on the departure of the ministers of the Liberal government there was a very clear situation and that the ministers knew what was their personal correspondence and what was departmental correspondence and everything went along just as sweetly as could be. That is not my information and I think my information is correct. With a number of ministers I think it did not go smoothly at all. All I was suggesting was that a bit of preparation on the part of the present ministry might mean that when the day comes when one of them drops out or when some day they may all go at one time they will know the proper moves to make and they will have planned ahead for it so far as their correspondence is concerned.

Mrs. Fairclough: I may say I think there is something to be said for the hon. member's idea that there should be some way of marking or designating papers which might conceivably be of value. Whether or not the minister who owns them would eventually decide to make them available to the archives is another matter, but I can assure the hon. member that the matter will be considered.

Item agreed to.

National library—

319. General administration, $182,591.

Mr. Fisher: There are a number of points I want to make on this item. I want to compliment the national library for continuing to print the accumulation for the Canadian periodical index. I do not know whether some members realize that much of the material for their speeches which is provided by the library of parliament is dug up through the use of that particular accumulation, and it is a very worth-while effort. It is the type of government subsidy that I think more than repays what is spent.

One question I want to ask the minister has to do with the book deposit regulations. When you consider that well over 20,000 books are published in the English language in a year it seems to me that the fact that we only have 2,410 under book deposit regulations indicates that there may be some loopholes in the regulations. Is any consideration being given to acquiring more of these books and copyright privileges free or by trading arrangements with national libraries of other countries such as England and the United States which have copyright privileges for their nations and areas?

Mrs. Fairclough: The opinion of the officials is that not more than one per cent escape acquisition. Could the hon. member tell us where he gets his figures of 20,000 published and only 2,410 acquired?

Mr. Fisher: I was not suggesting that there were that many published in Canada. There are that many published in English throughout the English speaking world. When you consider that 2,000 or less than 10 per cent are coming into our national library freely it means that they will have to do a tremendous amount of purchasing. I wondered if some sort of mutual arrangement could not be worked out with some of the other countries.

Mrs. Fairclough: It is the opinion of the officials that the copyright law only covers books published in Canada or books published by Canadians. However, the member's representations will be considered by the library.

Mr. Fisher: I want to express criticism of the book purchasing policy as outlined in the report of the national library for 1958. There is a national library advisory council which I gather advises the national librarian on policy and they are going to give priority to a restricted number of fields including the following, Canada, bibliography, general reference works and so on. The whole emphasis of the policy is going to be concentrated on the social sciences and humanities. I am not suggesting for a moment that is bad but it is certainly not going to give us a well-rounded library in the sense of moving ahead with science and technology. The other factor is that there are already quite a number of relatively good libraries in the universities where the emphasis is in this direction. It would seem to me that this policy reflects what I would almost say was a cultural lag on the part of the people who are advising the national library. They seem to be obsessed with a pattern of scholarship that is changing, and I think fairly quickly. Now, this may be an incorrect judgment of them, but it seems to me this kind of collection is going to be excellent for historians and perhaps people in the literary field, but I wonder about the new disciplines and how they are going to fare with this kind of collection.

I should like to ask the minister whether or not she has any views on this particular emphasis that is going to develop in connection with the national library?

Mrs. Fairclough: Yes, as a matter of fact, I have some. Of course, certain types of publications are acquired by various departmental libraries. One of the activities of the national library is the compilation of a national index, I think it is called a union catalogue, which provides information as to the depository of all publications which may be of interest and which, in itself, is a considerable work.

Mr. Fisher: I, of course, agree, that the union catalogue is probably the most important function the national library has carried out or will carry out in its whole life. As a matter of fact, I should like to know what the stack space is going to be in the new library. We can assume that this library is going to run easily over the million volume mark. If that is the case, and this is the slant, it seems to me we are going to have what could be an old-fashioned collection in terms of scholarship, and in the relatively popular field there will be nothing. I would hope that the role of the national library, through its union catalogue and its reference service, will be to integrate the library service right across the nation, not necessarily at a high scholarship level. If a national library becomes merely a place where the professors of our universities get their material, I do not think it will be carrying out its work. This is the reason I am in doubt about this particular policy.

Mrs. Fairclough: I can reassure the hon. member on that point. The stack space planned now is for 2 million volumes. The aim of the library is to make it a comprehensive collection. I can assure the hon. member that it is not aimed at any one segment or any one period, but will be a comprehensive collection.

Mr. Fisher: I have two more questions. When will the destruction that is preliminary to construction get under way? The second question is, is there any consideration being given to have the national library encourage scholarships in the librarianship field?

Mrs. Fairclough: I am informed that tenders for the demolition of the existing building will be called in December, and tenders for the new construction will be called in the spring. I have forgotten the last part of the hon. member's question.

Mr. Fisher: Is any consideration being given by the national library to the encouragement of scholarships for librarianships? I am making the point because, while the Canada Council has been doing some work in this regard, the Canadian librarian association's last report indicates that the financial resources for such scholarship work are very meagre and there is a great shortage of librarians in this country, especially in the western provinces. I suggest that this might be one role that the national library might play, perhaps with some kind of in-training scholarship, to help the general activities in the librarian field.

Mrs. Fairclough: No, Mr. Chairman, so far any scholarships which would be available would be under the Canada Council.

Mr. Pickersgill: I have one small question. I noticed that only $33,334 appears to have been expended last year. I understand that under the statute there was supposed to be $40,000 expended every year. I daresay this has something to do with dissolution and the use of governor general's warrants. I was wondering if some provision is being made to put the full amount into the fund?

Mr. Chambers: I understand the National Library Act requires the publisher of a book published in Canada to supply the national library with a copy. I was wondering if there was a provision that those who import books into Canada should also supply a copy to the national library. If there is no such provision, consideration might be given to changing the act.

Mrs. Fairclough: I understand that under the present regulations only books totally produced in Canada are subject to the deposit provisions. If I may answer the hon. member for Bonavista-Twillingate, the full amount of $40,000 is in the estimates this year.

Mr. Pickersgill: It was not this year about which I was asking, but last year. What puzzles me is that the item given for last year is $33,334, and there was $40,000 in the estimates as they were originally tabled by Mr. Harris last year. I wondered how this discrepancy was explained, and if it was to be made up. The Prime Minister, on the federal district commission estimates, explained that the full amount of one of these votes of a similar character was not shown for last year, but it was being made up in the supplementary estimates this year.

Mrs. Fairclough: I am afraid I cannot answer that. I was not in the department at the time. I do not know why the amount was reduced.

Mr. Pickersgill: I do not want to hold up the estimates now, but I wonder if the hon. lady could get an explanation and give it to me later?

Mrs. Fairclough: Yes.

Item agreed to.

The Deputy Chairman: This completes the estimates of the hon. lady.

DEPARTMENT OF TRANSPORT

414. Departmental administration, $2,144,060.

Hon. George H. Hees (Minister of Transport): The main estimates of my department, Mr. Chairman, and of the other agencies reporting to me, excluding loans, amount for the fiscal year to almost $254 million as compared with $219,750,000 the previous year. To this has been added in supplementary estimates an additional $7 million, so that the gross increase as compared with the previous year is over $41 million. The major portion of this overall increase is due to a substantial expansion of our construction program this year, designed both to meet the rapidly growing requirements of transportation and communications in this country and to assist economic conditions.

In view of the size and complexities of the department and its associated agencies, and because of the time at my disposal, I do not intend to explain the estimates in detail. However, it does seem to me that it would be helpful, and particularly so to those members attending their first session, if I were to touch upon the highlights.

In the canals branch, the level of activity will not materially change during the present year in so far as operation is concerned. We expect that towards the end of this year the mainline Ontario-St. Lawrence and great lakes canals will all be transferred for administration by the St. Lawrence Seaway Authority, since otherwise two canal organizations would be functioning in the same area. As for the secondary canals, such as the Rideau, Trent, Chambly and the Canso, we will continue our efforts to improve these both in facilities and in attractiveness as a means of serving the growing popularity of boating, domestic and tourist.

We are doing everything we can to find employment for those individuals who have been displaced by the flooding of a number of the Ontario-St. Lawrence canals consequent upon the opening of the seaway. Preferential treatment is being given in connection with work on the seaway and on certain of our other canals, and we hope that a large proportion of the individuals concerned can be offered alternative employment.

In the field of canal construction we have increased our program by $2 million or over 100 per cent. This expenditure is spread over a large number of small projects, but there are certain large items which merit attention. These include improvement of the Canso canal by installation of fenders and extension of the mooring wall; the initial funds required to start on the long delayed project of cleaning up the old, disused second Welland canal; two causeways to connect the main highway with the village of Cardinal across the old Williamsburg canal; continuation of the work on the new bridge across the Lachine canal at Ville St. Pierre.

As for the Chignecto canal project, previous economic studies have indicated doubt as to whether the benefits that would result from the project would offset its very heavy costs. Notwithstanding this, we have recently asked the Department of Pubic Works to give us a preliminary engineering estimate on the cost of the Chignecto project, on the basis of which I propose to have a further economic study made and to report my findings to my colleagues.

Staff requirements in this area of operation have not varied substantially, but there is an increase in our wage and salary requirements due to salary increases.

Turning to marine services, I should note in passing that there has been an extensive reorganization of the marine sections of my department which has resulted in three separate branches being established. One branch is charged with all regulatory matters in the marine field arising out of the Canada Shipping Act, such as nautical services, pilotage and steamship inspection; a second branch is charged with the provision of marine aids, such as lights and buoys, harbour administration, supervision of the secondary canals and the St. Lawrence ship channel; and a third branch is charged with construction and operation of departmental vessels, including our icebreaking program and Arctic patrol and supply work. This reorganization has been made necessary by the rapid growth of our activities in the marine field in recent years.

Our requirements for operation of our departmental vessels are substantially increased over last year. We will have a couple of new vessels to put into service this year, although the main impact of our new vessel construction program will not make itself felt until later years. Our vessels not only perform winter icebreaking duties and summer Arctic patrol icebreaking and convoy duties, but they are used for the placing and supply of our various aids to navigation in coastal and inland waters, a very extensive task. We do have substantial increases in our requirements for the charter of commercial vessels for northern and Arctic supply, and for provision of stevedoring services and ship-to-shore equipment for lightering barges in the Arctic. These are required because of our general responsibility in providing marine supply for civil departments of government, for the R.C.A.F.

and for the United States air force in the eastern Arctic. A substantial portion of the funds will be reimbursed by the users, since we do this work on a cost-recovery basis. An increase of some 88 positions is largely accounted for by the transfer of the *Labrador* from the Department of National Defence.

To turn to construction of vessels, we have an increase of about 150 per cent in our expenditures this year as compared with last year; and, indeed, we have well over a dozen vessels under construction for the department now to replace obsolete and worn-out vessels and to increase our ice-breaking capacity in the great lakes area, the Arctic and the St. Lawrence-Atlantic area.

In addition, we expect to proceed with the construction of two ferry vessels, one for service between Portugal Cove and Bell island, Newfoundland; the other for service between Pelee island and the mainland in lake Erie. We expect that both, when completed, will be operated by private companies on rental arrangements. We are preparing plans also for the construction of new ships for the Newfoundland coastal service operated by the Canadian National Railways and a new ship to be made available as a gift from the Canadian government to the new British West Indies Federation.

To turn to marine aids for navigation, our operational budget is slightly increased over the previous year, largely as a result of salary increases. We are continually making efforts to improve the service rendered through our marine agencies, and to introduce better and newer technical devices, some of which are being developed through our factory at Prescott, and in co-operation with the national research council. We are proceeding with an improved scheme of classification for lightkeepers, which we believe will create better working conditions and remuneration, and also improve the standard of lightkeeper services. Completion of this gradual program will probably require several more years.

There has been a marked increase in our capital program for marine aids, to a total of almost $5 million, up over 50 per cent. The largest items in this program are related to wharf work for our new marine agency at Saint John, New Brunswick; completion of our new marine agency building at Halifax; extension of our marine agency wharf at Quebec due to increased number of ships; and a start on the plans for a completely new marine agency wharf and buildings at Charlottetown. A substantial item is provided also for new piers and lights required in the St. Lawrence seaway. Apart from these major projects, we have over 100 projects scattered through coastal and inland waters, such as gas or whistle buoys, fog horns, lightkeepers' dwellings, et cetera.

The increase in the amount of shipping has increased our workload in the field of marine regulation, but we are managing to avoid any very great change in staff requirements. There has been an increase of only seven employees in nautical and four employees in steamship inspection.

I am sure hon. members have noted the growing popularity of pleasure boating. I should perhaps mention the very successful conference we had with interested agencies in Ottawa last winter, which helped us greatly in the preparation of our small boats regulations and in providing us with new ideas which may be implemented at a later date. The departmental booklet "Safety Afloat" for users of small boats has been so well received that its circulation now numbers in the hundreds of thousands.

Pilotage services have provided some difficulties. We expect in the coming months to send a special team of officials to our pilotage districts to hold discussions with the pilots themselves and other interested parties or groups in an effort to ensure that existing problems are not overlooked, and that we are doing our best to provide a proper atmosphere for the operation of pilotage.

Special problems relating to the Kingston and the great lakes area will involve further discussions with the United States, as a result of construction of the seaway. At the moment, our objective is to provide a balanced framework within which pilotage may operate in the mutual interest of both shipping and pilots. Pilotage dues now represent a substantial cost to shipping, and we will seek to avoid a situation in which this becomes so expensive as to injure shipping itself while, at the same time, ensuring the proper standard of working conditions for pilots.

The St. Lawrence ship channel branch are budgeting for an over-all increase of some $3 million for three special works: one in Montreal harbour, one immediately below Quebec city, and the other in the Saguenay river.

In the field of radio one of the great problems which continues to confront my department is the increasing reliance of both shipping and aviation upon radio aids to navigation of all sorts. Increasingly complex and expensive equipment is necessary in order to maintain proper safety standards. We anticipate our costs will climb this year by approximately $2,750,000 to almost $14 million. One-half of this amount is on account of the army signal service in the

Northwest Territories and the Yukon, which is being taken over gradually from the Department of National Defence.

Our staff requirement is up from approximately 1,622 to 1,723 for the reasons I have just given. Overtime payments are up because of a general change in government policy which provides for payment of overtime in lieu of leave. In this connection I would like to point out that many of our operations are on a 24-hour per day basis.

Our radio aids system of flying is built around the four-course beacons, for many years the standard on our airways; the newer visual omni-range aid being established which provides for a greater multiplicity of courses to be followed by the aircraft; instrument landing systems; radar for airway and airport surveillance; and a variety of other installations. With the growth of civil and military flying, even newer and more advanced systems must be provided if safety is to be maintained. The solution may involve such equipment as electronic computers and automatic data processing. These and many others, such as the Decca navigator system, the doppler systems of navigation, etc., are being studied to keep us abreast of developments.

In the construction of radio aids we require a total of $11,385,000. The main reasons for the increase are the deliveries taking place this year of the long range radars intended for airway use. In addition to these we are purchasing and installing a very wide variety of marine and aviation beacons, transmitter and receiver equipment, etc.

Our work in the enforcement of the Radio Act and regulations includes assignment of frequencies, maintenance of technical standards and the licensing of all radio stations. There is a constant growth in the use of radio by industry. Departmental technicians are called upon to process a large number of licences, to make a larger number of investigations and to deal with a much larger number of complaints regarding interference. An increase in establishment is to enlarge this unit from 364 to 425 employees.

As to meteorology, we have for a long time been hampered with a shortage of personnel possessing the required postgraduate training. However, prospects for recruiting this year appear more favourable. There is a small increase of approximately 29 employees in this branch, largely based upon our expectation of better recruiting. Our work continues to centre around meteorological training, public forecasting, special services to aviation and shipping and to the armed services, a wide variety of special services for agriculture, forestry, power entities and specialized employees, including extensive climatological work, much of which is proving of great value to industry. Among the problems confronting us is the need for better forecasting at high altitudes for today's jet aircraft and the development of automatic devices for the collection and processing of weather data.

Turning to civil aviation, we continue to face the problem of increasing demand for air services, airports, air traffic control and all the physical facilities and administrative operations which are necessary if aviation is to function. Our vote for the operation of airports is up this year by almost $2,500,000. The department already operates some 115 airports as well as a number of other special facilities of a related nature. It is gratifying to note that we have gradually been improving our revenues from airport operation, and this year we expect to receive some $7 million from landing fees, gasoline concessions, parking areas and other concessions and rentals.

Air traffic control operations also have been expanded with the budget up approximately 25 per cent. This vital service provides the control system for both military and civil flying. Here again, one of the great problems confronting us is that of the solution of the technical problem of how control should function at the time when density becomes too great to be handled by present procedures. More and more we are introducing automatic devices such as switching lights, closed television circuits, radar and machines. Much of the research which will be going on in this country, in the United States and in Europe in the next two or three years will centre around completely new approaches to control procedures which may be based upon such things as automatic machine collection and processing and computer analysis to provide the necessary directions for aircraft.

I come now to our largest appropriation—that for construction of airports. It will be noted that it has now grown to the large sum of $61 million, representing an increment of almost 80 per cent. This reflects the great demand for improved facilities to accommodate those travelling by air. Scores of projects are involved and it would be useless for me to attempt to detail them or even to single out the large ones, because many of them pertain to heavy expenditures and construction programs spreading over a two, three or four-year period. In the railways, canals and telegraph committee I explained that the program can be broken down into runway and taxiway construction to provide for larger and faster aircraft; new terminal

buildings and the extension of existing structures; construction of entirely new airports and installation of special facilities such as runway and approach lighting systems, power plants, heating plants, barracks, garages, etc.

We have recently completed a ten-year analysis of expected airport and airfield construction needs in Canada and, based on that analysis, the figure included in this year's budget represents the approximate amount we may be required to expend annually over the next ten years if we are to keep abreast of aviation requirements.

There are also the usual items relating to grants for small municipal airstrips—either outright grants or those on a cost sharing basis. Our policy in this regard is under review and I am not in a position to make a definite statement as yet but it may be necessary to increase the existing ceiling in respect of the amount of a grant while at the same time making the prerequisites somewhat more stringent.

Hitherto we have made grants up to $25,000 when a municipality is willing to provide the land and to operate the field. If amounts in excess of this are needed for a small local airstrip we provide additional funds on a cost sharing basis with the municipality. I am inclined to think that in future we should make slightly larger grants when satisfied that an important local need involving the federal government exists, such as service to a remote community dependent upon air transportation, but that in other cases, where a small airstrip may be beneficial but not essential we should insist on cost sharing from the outset. However, the final outlines of this policy have not yet been determined.

Our assistance to flying training continues to represent a successful part of our program. We have for many years been paying $100 to the club or school which provides the training and $100 to the pilot, in the case of each person who learns to fly, which has led to a gradual but steady increase in pilot training. The number of student pilots being trained roughly eight years ago was 1,200 annually. This had increased a year or so ago to 1,600, and we expect that it should pass 2,000 this year.

There are many other points in connection with the departmental activities upon which I could comment at this time. I trust, however, that the foregoing will be of some assistance to hon. members in dealing with my estimates. I would remind the committee that we have spent many hours in a special committee of this house in examining my estimates in greater detail and have heard evidence from a large number of the officials of the department and other agencies. I trust that the exhaustive inquiry which took place during those sessions will be borne in mind by hon. members in dealing with the estimates in this committee.

Mr. Chevrier: First, Mr. Chairman, I should like to thank the Minister of Transport for the very comprehensive statement he has made concerning the various activities of his department. Anyone listening to that statement from an unbiased standpoint cannot help but come to the conclusion that the Department of Transport is responsible for varied activities in the field of transportation.

I should also like to congratulate the minister upon his appointment to this department because I believe this is the first time any one of us has had an opportunity to do so, since there was no occasion during the last session of parliament to consider either the activities of his department or the estimates themselves. I congratulate the hon. gentleman not only because of the position he holds but more particularly because of the department over which he presides. I may perhaps have a preference for it but I have no hesitation in saying to the minister as well as to the members of this committee that among the portfolios in the government there is none in my opinion that is better than the one over which the minister presides. That is why I think he is fortunate in being the minister of this department which is not only extremely important but also extremely interesting.

I should like to add to that a word about those officers—those faithful officers—of the Department of Transport whom he has to serve him and assist him. I know something of their devotion to duty and their loyalty because of my association with them for a period of over nine years and I can therefore speak with some authority. That is why I am happy this evening to say to the minister that he is fortunate in the calibre of these men, and that in these men and women he is extremely well served in the Department of Transport.

Having said that, and realizing that the minister has already referred to the fact that these estimates have been given some consideration in the committee on railways, canals and telegraph lines, I will not detain the committee unduly. I did have some remarks to make which were of an extensive character, but because of the fact that there was some consideration given to these estimates in the committee and because, also, of the fact that we are in the dying days of this session I do not intend to speak at length. I think I can finish what I have to

say before ten o'clock, and if I do not, I wish the minister would stop me.

I do want, however, this evening to deal with a special aspect of transportation. It is one which has to do with the province from which I come and which I represent. It has to do with the Lachine section of the St. Lawrence river and I would make a special appeal to the minister to give consideration to the treatment which I believe the province of Quebec is entitled to receive with reference to the development of the Lachine section. There has not before, I believe, been any consideration, of this aspect of the St. Lawrence seaway. That has been the case because, I think, an opportunity has not arisen. But an opportunity has now arisen to speak on it and I believe that serious consideration should be given to this point not only by the Department of Transport but also by the government as a whole.

The minister may know that recently a statement was made by an official of Quebec hydro that it is the intention of that division of the Quebec government to develop power in the Lachine section of the St. Lawrence seaway. The power development can, of course, be done independently of the navigation development, but I think it was envisaged all along that there would be tremendous savings if both power and navigation in that section could be developed on a joint basis. The reason I bring this up now is that there have been given in connection with the upper reaches of the seaway substantial amounts of money for channel enlargement and for power development there, and having regard to that it strikes me that because of commitments made by the federal government in the past and because of the present situation there is an obligation on the part of the federal government to make similar contributions to the province of Quebec.

Perhaps I can make myself clear by saying that I believe the vice-president of Quebec hydro stated recently that in the near future it would be necessary to develop the Lachine section of the St. Lawrence river, and in saying that he also stated that a group of engineers had been requested to prepare preliminary plans and studies of that development. He said it would be possible in his opinion to develop Lachine on a two-stage basis, developing the one stage at the head of the Lachine rapids and the other stage below Victoria bridge in the harbour of Montreal, all of which would bring about a power development in the neighbourhood of between 900,000 and 1,000,000 horsepower. I make that statement because the Department of Transport, as the minister knows, gave careful consideration to this whole matter when in 1947 there was established a board of engineers on the Lachine section and a report was tabled in the House of Commons. The board of engineers at that time was asked three questions: first, is the scheme for the improvement of the Lachine section, recommended by the joint board of engineers in this report of November 16, practicable; does it provide to the best advantage for the logical and planned development of this section; and, thirdly, what alternative scheme, if any, would be better adapted to secure the ends desired.

The board of engineers in conjunction with the officers of Quebec hydro gave careful consideration to this matter and they recommended three schemes; first, exclusive power development; secondly, a joint power and navigation scheme; and, thirdly, a navigation scheme alone. It was attempted at that time by the former government to convince the province of Quebec to develop power jointly with navigation, but that government was not successful in its endeavour. I have no blame to cast on anyone, because the question of power is one which belongs to the provinces, and in the final analysis it is for them and for them alone to determine what is their responsibility.

The point I am making is that the federal government proceeded with navigational facilities in the Lachine section without regard to power. In my opinion the cost for the development of power because of that will be increased by some $25 million, and it strikes me that even now, even at this late date, I should ask the minister and his department to see if it would not be possible to make some agreement with the province of Quebec whereby power and navigation could be proceeded with jointly to the advantage of both the province and the federal government.

In locating the facilities on the south shore regard was had, of course, to industrial development and regard was had particularly to the triangle which extends between Valleyfield on the west, Sorel on the east and Montreal in the centre, because there is a tremendous triangle there which will benefit because of industrial development.

In the endeavour to assist the provincial authorities with reference to this aspect of the project a number of things were done at the time, not only to assist them but also to protect provincial rights. One of those was that the seaway authority determined to enlarge the cross-sectional area upstream from Lachine rapids in order to provide for easier power development when that was undertaken at a future date. Then lands were exchanged between the authority and Quebec hydro at Beauharnois in order to assist Quebec hydro

in expanding its power development there. There was also provided a canal which would take 40,000 cubic feet a second of water in order to aid in additional power development during the non-navigation season. Finally, hydraulic models were constructed at the request of the international joint commission for the use of the seaway authority as well as Quebec hydro.

The point I am trying to make is this, and I will come to it at once. Back in 1941 Mr. Mackenzie King wrote to the then premier of Quebec, Adelard Godbout, dealing with this whole matter. The letter divides itself into three parts. The first part has to do with representations from the province of Quebec on all international boards or other boards directing the design or construction of works and that, I think, has been respected. The next had to do with the apportionment of rights and obligations arising out of the development of the Beauharnois section. I would like to read the first sentence of the third because it is of extreme importance. Mr. Mackenzie King went on to tell the Hon. Adelard Godbout, the premier of the province at that time, the following:

> With this end in view, the government of Canada would be prepared to undertake that, if and when Quebec takes over the control and operation of the Beauharnois development, there will be paid to the government of Quebec, by the government of Canada, the sum of $7,972,500.

That was in 1941. Roughly speaking, that was a sum of $8 million. That sum has never been paid to the province of Quebec. At today's value of money I would think it would be the equivalent of some $20 million. The point I am trying to make is that having regard to the sums of money paid for channel development and power development in the upper sections of the St. Lawrence river, as and when the province of Quebec decides to construct and develop power in the Lachine section that province is entitled to the same treatment as given to the province which resides upstream. Having regard to the value of money today I would say that would be no less than $20 million.

I make this statement having regard to the facts with which I have prefaced my remarks and I make it, too, with this appeal to the minister. Whether the Lachine section is developed in 1958, or next year, or the year after, makes no difference. There is no doubt in my mind that it will have to be developed. It will have to be developed because of the tremendous number of industries which are coming within that triangle and power from Beauharnois will not suffice indefinitely. It will be necessary to get additional power from Lachine and it seems to me that the Minister of Transport will play an important part in that, not only because of the facilities which he is building today with the St. Lawrence seaway but also because of the fact that legislation will be required in order to develop this power. Legislation will be required with respect to the Lachine section in the same manner as legislation was required in connection with the international section. Therefore, it was decided to enter into an agreement with the province of Ontario and the terms and conditions were clearly set out in that agreement. The same thing should appertain with reference to the development in Lachine section.

I thought I should make this point because I am sure it has already come to the attention of the minister. If it has not, it will in the near future and I know he will give it his careful attention.

Mr. Hees: Mr. Chairman, I would like to thank the hon. member for Laurier for his very constructive contribution to the debate and to assure him that we will follow his suggestion. We will be very glad to approach the province of Quebec and see whether that province will be interested in developing the power in the Lachine section at this time. I can assure him, and we will assure them, that if they are interested we will give them every co-operation in such an endeavour.

Mr. Howard: It is so close to ten o'clock I wonder whether we can call it ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader what we shall do tomorrow and on Saturday, if he can give us the information now?

Mr. Green: Mr. Speaker, there remain only the estimates of five departments, some of which have been partially considered already. They are transport, post office, trade and commerce, finance and public works. Tomorrow we shall deal with them but I am not sure about the order.

Mr. Chevrier: We shall commence with what?

Mr. Green: We shall commence with the estimates of the Department of Transport.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

65. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation and other assistance for immigrants and settlers including care en route and while awaiting employment; and to provide further for payments to the provinces pursuant to agreements entered into, with the approval of the governor in council, in respect of expenses incurred by the provinces for indigent immigrants, $8,180,000.

Indian affairs branch—

66. Administration, $565,938.

Indian agencies—

67. Operation and maintenance, $3,251,836.

68. Construction or acquisition of buildings, works, land and equipment, $1,195,630.

Reserves and trusts—

69. Operation and maintenance, $327,912.

Welfare and economic development of Indians—

70. Operation and maintenance, $3,970,678.

71. Construction or acquisition of buildings, works, land and equipment, $1,166,892.

72. Grants to agricultural exhibitions and Indian affairs, $7,025.

73. Fur conservation, $286,284.

Education—

74. Administration, operation and maintenance, $14,805,968.

75. Construction or acquisition of buildings, works, land and equipment, $6,647,200.

76. Grant to provide additional services to the Indians of British Columbia, $100,000.

Indian agencies—

537. Construction or acquisition of buildings, works, land and equipment—further amount required, $100,000.

Reserves and trusts—

538. Operation and maintenance—further amount required, $50,000.

Welfare and economic development of Indians—

539. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,000,000.

NATIONAL FILM BOARD

226. Administration, production and distribution of films and other visual materials, $4,103,346.

227. Acquisition of equipment, $155,572.

NATIONAL GALLERY OF CANADA

228. Administration, operation and maintenance, including industrial design division, $554,575.

229. Payment to the National Gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $100,000.

230. Grant to the Royal Canadian Academy of Arts, $4,025.

PUBLIC ARCHIVES AND NATIONAL LIBRARY

A—Public Archives—

318. General administration and technical services, $582,826.

B—National Library—

319. General administration, $182,591.

320. Payment to the national library purchase account for the purpose of acquiring books, in conformity with section 12 of the National Library Act, $40,000.

HOUSE OF COMMONS

Friday, August 29, 1958

The house met at eleven o'clock.

FRUIT

PEACHES—ANNOUNCEMENT OF PROVISION OF MINIMUM PRICE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Agriculture if he can make a statement on the announcement that appeared in the press this morning with regard to measures for the stabilization of the price of peaches.

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker. The agricultural stabilization board has been authorized to provide a minimum price of $83 per ton for No. 1 peaches, 2-inch minimum size, delivered for processing in the province of Ontario. Under this authority the board will pay to the grower any amount by which the average return should fall below the prescribed price. The prescribed price of $83 per ton is about 89 per cent of the base or 10-year average price. This action has been taken to ensure that the peach growers will be able to market their crops. They were in considerable difficulty from this point of view, and this support on the part of the government will result in the maximum quantity being canned.

Mr. Hazen Argue (Assiniboia): I wonder if I might ask the minister a supplementary question arising out of his very welcome statement. Can the minister say whether or not the canners in that area will maintain operations? I have read that they have shut down periodically.

Mr. Harkness: As the result of a series of negotiations which have been conducted with the growers and canners during the past week or 10 days, I think most of the canning factories will now open. A number of them were not going to open for the canning of peaches, but they are now going to open and they are going to can to their maximum capacity. I think there will be no question but that the entire crop will be canned.

ARTS, LETTERS AND SCIENCES

INCREASED AID TO UNIVERSITIES—COMMUNICATION WITH QUEBEC

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I should like to direct a question to the Minister of Finance before we reach his estimates. I should like to know whether before announcing the increase in the grants to Canadian universities the minister communicated with the authorities of the province of Quebec, either by letter, phone call or telegram?

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

Mr. Deschatelets: Did the Minister of Finance ever inquire from the premier of Quebec about his reasons for not permitting the Quebec universities—

Some hon. Members: Order.

Mr. Deschatelets: —to benefit from the federal grants?

Mr. Speaker: I think the hon. member must surely be aware that this is a question on a matter entirely beyond the responsibilities of the Minister of Finance.

INQUIRY AS TO CHANGE IN FORMULA OF PAYMENT TO UNIVERSITIES

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I should like to direct a question to the Minister of Finance in connection with his statement yesterday concerning increased grants in aid to universities. Will the minister inform the house if there is any change contemplated in the formula of payment?

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

FINANCE

CONVERSION LOAN—INQUIRY AS TO DIRECTIVES ISSUED

On the orders of the day:

Mr. W. H. McMillan (Welland): Will the minister say if he, or anyone in his department, during the progress of the present conversion loan campaign sent out directives

to anyone, including banks or other financial institutions, ordering or suggesting any restriction in the price or in the dealing, in connection with the new conversion loan bond issues? If so, what were the contents of those directives?

Mr. Speaker: This seems to me to be a question that might better have been put on the order paper. However, if the minister can answer it offhand he may do so.

Hon. Donald M. Fleming (Minister of Finance): I think before attempting to answer that question one would have to have some clarification of some aspects of it. If the hon. gentleman cares to ask it on my estimates, it could be more properly dealt with there. The terms of the loan were clearly laid down at the beginning, and there has been strict insistence on adherence to those terms.

INDUSTRIAL RELATIONS

INQUIRY RESPECTING AMENDMENTS TO ACT NEXT SESSION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to ask a question of the Minister of Labour before we reach his estimates—next year. Would the minister inform the house if officials of his department are now undertaking a review of the provisions of the Industrial Relations and Disputes Investigation Act, and if so, if consideration is being given to suggestions put forward for the improvement of the legislation by the national legislative committee of the railway brotherhoods and other labour organizations? Does the minister intend to introduce amendments to this legislation at the next session of parliament?

Hon. Michael Starr (Minister of Labour): I wish to thank the hon. member for giving me notice of this question. There are three national organizations that have not as yet submitted their recommendations. They are the Canadian Labour Congress, the railway association and the Canadian construction association. We have received recommendations from the national legislative committee of the railway brotherhoods, but we cannot review these until we have received the recommendations of all organizations.

So far as the introduction of amendments is concerned, that will depend a great deal upon the work required to review these suggestions and make recommendations.

[Mr. McMillan.]

(Translation):

ADMINISTRATION OF JUSTICE

TERREBONNE, QUE.—REQUEST FOR ESTABLISHMENT OF TRUSTEE IN BANKRUPTCY

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask a question of the Minister of Justice (Mr. Fulton)? Has the minister received from the Laurentides bar a request for the establishment of a bankruptcy court and registry at St. Jerome for the judicial district of Terrebonne? If so, may we expect that such a registry and bankruptcy court will be established soon?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, a request was received some time ago for the establishment of a new bankruptcy division for the judicial district of Terrebonne and for a bankruptcy court in St. Jerome. As the appointment of a bankruptcy registrar for such a division comes under the jurisdiction of the chief justice or the associate chief justice of the district for which he has been appointed in the province of Quebec, the correspondence on that matter has been referred to him for study, and it seems that no decision has been taken so far.

(Text):

DOMINION-PROVINCIAL CONFERENCE

SUGGESTED NEED FOR MEETING AT EARLY DATE

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Prime Minister. Because of the application of certain legislation such as that with respect to the hospital insurance plan, tax gift exemption and federal grants to the conference of universities, does the Prime Minister not realize now that there is more than ever an urgent need for a federal-provincial conference, which he promised a year ago?

Mr. Speaker: The hon. member is offending the rules again. He is simply making a statement, and that is not what this question period is for.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, today is the three-month anniversary of a question I placed on the order paper on May 29 with regard to government expenditures for spirituous liquor. I wonder whether the Secretary of State could indicate when this question might be answered.

Hon. Henri Courtemanche (Secretary of State): What is the number of the question?

Mr. Howard: It is the first one. There is no number attached to it. I am sorry; I should say it is No. 43.

Mr. Courtemanche: I will check with the minister interested.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR REPORT ON CONCLUSIONS OF RECENT CONFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of Labour whether he is in a position or will soon be in a position to report on the conference on winter employment?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker.

Mr. Pearson: I should like to ask a supplementary question. Does the minister's "yes" mean that he is now in a position or will soon be in a position to do so?

Mr. Starr: I will soon be in a position to do so.

PUBLIC SERVICE

INQUIRY AS TO REPRESENTATIONS FOR INCREASES IN SALARIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Finance. Can the minister say whether he will be in a position soon to make a statement with regard to the representations made to the minister and the government by the various civil service organizations asking for increases in salaries, particularly as to salaries of the lower income group?

Hon. Donald M. Fleming (Minister of Finance): A request was received a few days ago from one of the organizations asking for a meeting. The request was for a meeting either last week or next week, but not this week. A request was received from another one of the organizations, I think yesterday, for a meeting. Probably a meeting will be held within a few days, depending somewhat on the course of this session.

HOUSING

"MINIMUM" HOUSE—INQUIRY AS TO CHANGE IN INCOME REQUIREMENT

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works. I should like to know whether there will be any liberalization of the salary or income requirements by Central Mortgage and Housing Corporation on applications for the new lower priced type of housing announced yesterday.

Hon. Howard C. Green (Minister of Public Works): No, Mr. Speaker; there is no intention to make any change.

SUPPLY

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

DEPARTMENT OF TRANSPORT

414. Departmental administration, $2,144,060.

Mr. Howard: Inasmuch as the minister said last night that the estimates of his department were given very exhaustive and detailed study in the committee on railways, canals and telegraph lines, and that there was extensive questioning of witnesses, I do not think there is much point in my going over the same ground to any extent.

I just wish to say that I certainly appreciated being a member of the committee and being able to listen to the information given by the minister and the officials of his department. I want to publicly express my appreciation of the frank and open manner in which the discussions were held, and for the great amount of information and assistance given by the officials who were in attendance at the committee meetings.

The activities of this department probably have a far greater effect, from a material point of view, upon our society than those of any other department except the Department of Public Works. Those activities affect so many communities, industries and walks of life in our nation, and we in British Columbia are particularly dependent upon the attitudes and policies of the department. For instance our fishing industry, occupying such a great place in the economy of the province, is very much dependent upon the approach of the Department of Transport, especially as it relates to aids to navigation. I know the fishermen have expressed in years past, and will continue to do so in the years to come, their desire for additional aids to navigation and for the installation of more up to date and modern equipment for positioning, lighting and things of that nature.

In so far as aviation is concerned, the coast of British Columbia is a pretty difficult area in which to fly for a great portion of the year, and from that point of view also we are dependent to a great extent upon the approach of this department.

Shipping policies certainly affect my province, particularly the communities along

the coast line. Some of them are accessible by other means of transportation, but others are almost entirely dependent on shipping, and certainly the attitude of the government with respect to freight rates has a great effect upon our economy.

It is not my intention to go into detail as to the efficiency or otherwise of the department with respect to some of these questions, but I just wish to emphasize our dependence in British Columbia, as in the case of other provinces, on the attitude of this department. Probably there is only one respect of the department's operations which has no bearing on our affairs in British Columbia, and that is the aspect relating to canals. Try as we might, our efforts did not result in our being able to bring any need in this respect to the attention of the Minister of Transport. Apart from that, the activities of the department are watched with interest by workers and industrialists in British Columbia, and we hope that in future the approach will be even better than it has been in the past.

There is one problem I should like to mention briefly; and while this may be more specifically dealt with on the items relating to the Canadian maritime commission it might be just as well to mention it at this time. We might then be able to proceed with the rest of the estimates without too much difficulty or loss of time, inasmuch as the detailed and exhaustive analysis of the department was made in the standing committee.

Our merchant shipping fleet in Canada has been on the decline over the years, especially since the end of the last war. Ten or eleven years ago Canada was considered to have the fourth largest shipping fleet. Our fleet at that time numbered in the neighbourhood of 175 ships with a tonnage of 1,100,000. Then came a gradual decline in the number of ships under the Canadian flag, accompanied by a decline in tonnage and a decline in the amount of cargo carried by those ships, which would indicate that the policy of the government in this regard—and here we must look to the government which was in office during the period of this decline—was nothing more or less than one of allowing the merchant shipping fleet to wither on the vine and die an unnatural death, when it could very well have been expanded to include even more ships under the Canadian flag and employ even more Canadians in our own merchant fleet and handle our own commodities for export and import.

However, that has not been done, and we have seen this decline in shipping reach a point as at the end of March of last year where we had a total of 26 ships representing a gross tonnage of 186,165, only five ships being in the 10,000 ton class as far as cargo ships are concerned. The balance was made up of smaller ships, diesel cargo ships, tankers, and so on. This decline in our Canadian merchant navy presents a sorry picture when it is considered that if the government of that day had taken an aggressive policy and abandoned its approach of holding in effect a fire sale of these ships after the last war, we might never have reached this position.

Unfortunately, I must say that I doubt very much whether the attitude of this present government is any better than that of its predecessor, because we have seen no great change in the policy of this government as compared with the government which was formerly in office. At what figure the number of merchant ships stands at the present time I do not know, but I imagine it is less than 26 ships, the figure given a year ago. Allowing the sale of the ships of the Canadian National fleet was not a good demonstration of this government's attitude with respect to attempting to build up our own merchant shipping fleet.

I have just these few remarks to make, and I will not go into more detail at this time. One could deal with these matters more extensively and better illustrate the deficiencies that have existed in past years with respect to this department, but I do not think it is necessary at this stage. Such questions can be dealt with more exhaustively in the committee on railways, canals and telegraph lines than in this committee.

(Translation):

Mr. Bourget: Mr. Chairman, I would not want in any way to wound the humility of the Minister of Transport (Mr. Hees), but I trust that he will allow me, at the beginning of my brief remarks, to add my congratulations to those he received last night from the hon. member for Laurier (Mr. Chevrier) upon the introduction of his estimates in the house. I feel that he has a right to be proud of heading one of the most important departments of the government, and I feel certain that in the few months that he has been leading that department, he has found that he can count on the support and the co-operation of honest, intelligent and loyal employees. I therefore wish him good luck during the few years he will remain as head of that department.

An hon. Member: That is what you hope.

Mr. Ricard: For many years to come.

Mr. Bourget: Mr. Chairman, I wish this morning to discuss for a few moments a matter of special concern to my constituency and to a few others, that is the matter relating to shipyards.

(Text):

During the debate on the address in reply to the speech from the throne I spoke about the very difficult situation facing the shipbuilding industry in Canada today, particularly in my constituency and others where many thousands of families depend on this industry for their livelihood. Earlier during the session the report of the royal commission on coastal trade was tabled in the House of Commons, and hon. members will now have had an opportunity of studying it. Those who have done this will notice that with respect to the most vital question of whether or not free competition with non-Canadian ships should be allowed in Canadian inland waters when the St. Lawrence seaway is completed the commission recommended in the affirmative, as the minister well knows. This recommendation, of course, was contrary to the request and arguments of the Canadian shipbuilding and repairing association and other organizations representing the shipbuilding industry. As a consequence Canadian shipbuilders today are very concerned, and I know the minister is well informed of this, about their future and the future of this important part of our national economy.

Of course I want to be fair about it and state that the problem of maintaining a prosperous shipbuilding industry in Canada did not arise overnight. At the beginning of the last war Canadian shipbuilders expanded their facilities very rapidly and were able to make a vital contribution to the allied war effort. However, since then the situation has become progressively worse for Canadian vessels. Construction costs are higher here than in the United Kingdom, and operating costs are also higher. So our shippers find it impossible to compete in international trade.

For this reason the last large group of 70 Canadian vessels was transferred to United Kingdom registry in 1949 and 1950. Transfers are still being made as new ships are built. Now that the Canadian National (West Indies) ships have been sold, the Canadian merchant fleet consists almost entirely of the vessels on the great lakes; and if with the opening of the St. Lawrence seaway these boats too are to be faced with open competition from foreign vessels, then the minister will agree with me that the outlook for them is also very bleak.

It is for that reason that the Canadian shipbuilding and ship repairing association urged the following suggestions in its brief submitted to the royal commission on the coasting trade on June 30, 1955 as found at page 157 of the report of the commission:

1. That from henceforth the coasting trade of Canada shall be reserved to ships registered in Canada.

2. That from January 1, 1957, or some other convenient date in the near future, replacements of and additions to Canada's coasting fleet shall be built without exception in Canadian shipyards.

As I said at the beginning, the commission did not agree with this request. When the St. Laurent government set up the commission that was one of the most important questions it wished to have answered, but it was not the only question. If you read the order in council, P.C. 1955-308, appendix I of the report, setting up the commission you will find that Mr. Justice Spence and his colleagues were authorized and instructed to go much further than that. In fact they were authorized to study and recommend upon the whole subject of coastal shipping in Canada. So the present government is called upon to decide not only whether or not it will accept the royal commission's recommendation concerning open competition on our inland waters, but also the whole question of the future of our shipping industry.

When I spoke in the house on May 26 I mentioned some of the reasons why it is important to preserve our shipping industry in Canada. I referred to the serious consequences of closing down an industry employing some 15,000 people and supplying a livelihood to entire communities. I referred also to the importance of water transportation in the economic development of our country. As our economy grows our water transportation facilities must keep pace. If we are so convinced of the importance of water transportation as to spend hundreds of millions of dollars on the St. Lawrence seaway and other projects, surely we must be convinced as well of the importance of our merchant vessels to Canada's future. Can you imagine, Mr. Chairman, a nation with the most highly developed inland waterway in the world serving its ports and not having the necessary vessels to transport its own produce? It seems to me that our pride and confidence in Canada make it essential to find ways and means of maintaining our shipping industry, including the shipbuilding facilities which are the essential basis of a fleet.

There is also, Mr. Chairman, a third reason, and in my opinion a very important one, for maintaining our shipbuilding industry. We all remember in what an embarrassing situation Canada found itself when war broke out in 1939, when we had neither ships to come to the aid of Great Britain nor a navy suitable to protect such ships. The United Kingdom eventually managed to obtain 50 over-age destroyers from the United States for escort duty in exchange for military bases in Newfoundland and elsewhere. Our shipbuilders did heroic work, for which we have great cause to be grateful, in building ships to

transport men, munitions and supplies across the Atlantic.

If we allow our shipyards to close down and disappear we risk finding ourselves in the same position as in 1939. After one severe lesson that is something which I think those responsible for the nation's security cannot ignore. Russia today has many more submarines than Hitler had in 1939. If war should be declared—and I am one who does not believe it would be over in a few hours—we would again be faced with the problem of keeping open the sea lanes between North America and our allies in Europe and other parts of the world. If the British shipping industry were to be destroyed, Canadian shipyards would then be the only ones in the commonwealth which could produce the ships necessary in wartime. So it is my contention that it is not only in Canada's interests but in the interests of the United Kingdom and all our allies that our shipbuilding industry be kept in readiness as part of our military preparedness.

Whatever the government decides to do, Mr. Chairman, about allowing foreign vessels to compete freely with Canadian vessels on the St. Lawrence waterway, it is of the utmost national importance for the government of Canada to take very positive steps to maintain our shipbuilding industry. Despite the fact that the Minister of Public Works has remained silent on this subject since becoming a minister of the crown, I still think I have his sympathy in this matter. If he and his colleagues would act now with the same force with which they used to criticize when they were in the opposition, then I think some way of helping the shipbuilding industry could be found. I was glad to notice that the royal commission on the coasting trade suggested that the shipbuilding industry might be assisted by a federal subsidy if seaway traffic from countries abroad worsens its positions.

I do not want to express negative criticism only on the question of shipbuilding. I want to place before the Minister of Transport a suggestion which I think merits some consideration, and which might serve to encourage the building of ships in Canada at this time. In one respect United Kingdom shippers, our keenest competitors, have what might be considered an unfair advantage over Canadian shippers. In addition to enjoying considerably lower construction and operating costs, they are able to claim 140 per cent of a vessel's value by way of tax deduction. In other words, a shipowner may claim as a deduction from his profit for tax purposes an investment allowance which when initiated in 1954 was 20 per cent and now is 40 per cent of the cost of a ship. This is in addition to a normal depreciation allowance of 100 per cent over a period of years.

In the royal commission report, page 67, we find the following explanation given to the British House of Commons by the Chancellor of the Exchequer on April 9, 1957. He said this:

> —the increase in the investment allowance is for ships only, and was proposed because of the special position of the shipping industry . . . faced with severe competition in a world market, often from ships sailing under flags of convenience with small liabilities. It finds it increasingly difficult to build up finance for the replacement of its ships when they become obsolete.

Surely, Mr. Chairman, if there is justification for the United Kingdom government helping its shipping industry in this way, a similar claim by Canadian shippers is justified. I am not suggesting that we should adopt a specific figure of 140 per cent in Canada, but perhaps the figure should be higher because the cost of building a ship in Canada, as the minister well knows, is approximately 60 per cent greater than the cost of building the same vessel in the United Kingdom.

For that reason I am not going to suggest a specific figure in this connection, but I do want to urge the Minister of Transport and the officials of the maritime commission to investigate this device and see whether, having regard to the fact that steel is no longer in short supply in Canada, the present would not be an appropriate time to introduce a measure of this kind, which seems to have given satisfaction abroad.

I do not forget, of course, that under the Liberal administration the Canadian Vessel Construction Assistance Act was introduced, and it has been a very useful measure. I want to say, too, that it has been improved upon by the present minister, and at the time I complimented him and thanked him for doing so. I believe, having regard to the present economic situation, we need more than that. The minister quite realizes that this is an important industry and needs more help than we are giving it now.

The commission also recommended that the industrial development bank, which was set up by a Liberal government after the last war and which has done such a marvellous job in assisting the growth of smaller industries, should give serious study to providing adequate credit for the operators of small ships engaged in the coastal trade. The commission suggested that the future for ship repair work would be brighter as business picked up after the opening of the St. Lawrence seaway in 1959. However, with the average cost of building a ship in Canada

about 60 per cent higher than in Great Britain, there are few possibilities of obtaining foreign, let alone Canadian, contracts in this country unless the government takes some action.

It seems to me that the object of government policy in this field should be to assure sufficient shipbuilding and repair work to enable our shipbuilding industry to survive and prosper to the greatest degree possible as our country develops. I view this as a matter of national importance. Let me read one paragraph from the commission report, which appears at page 178:

> The commission is in no position to determine whether the defence preparedness value of a Canadian shipbuilding industry would be great enough to warrant it being maintained at a level of activity higher than is in prospect without assistance. Should this be determined to be the case, the commission considers that a policy of direct subsidization of ship construction would be the least costly and the most effective way of achieving the desired result.

This is a question for the government to decide, and on its decision the future of the shipbuilding industry depends. At the present time this is an industry worth more than $350 million and employing many thousands of Canadians. The Prime Minister indicated, when the report was tabled, that it would receive careful study. Well, Mr. Chairman, these thousands of Canadians are all looking to the federal government to help them in this critical situation. A solution must be found that will enable Canada to enjoy the benefit of economic ship transportation but which will, at the same time, enable our shipbuilding industry to survive.

(Translation):

Mr. Pigeon: Mr. Chairman, I take this opportunity to ask the hon. Minister of Transport (Mr. Hees) to make a nation-wide survey of our railway requirements for the benefit of all districts which now have no railway service, so that they too might share in Canada's economic development.

Railroads and highways play a large part in the economic development of a country. They link areas together and ensure the economic future of an area. Highway and railway communications are like the blood vessels of the body. From the remotest corners of the land they bring in materials essential to large industrial production and farm products to non-farming areas.

In Canada's pioneer days, the waterways were the avenues of progress. That is why settlement was concentrated on both banks of the St. Lawrence, way up to the large inland sea, the great lakes. At that time there was no congestion, but due to the great distances, our forefathers had to fall back on a kind of economic self-sufficiency.

However, great modern discoveries gradually provided man with new and powerful means of venturing farther into the field of discovery and development. This opened up an era of artificial roads of communication entirely built by man according to his wants. Those linking roadways, railways, canals and highways marked, according to their purpose, the development of this vast country but favoured certain areas while keeping others back.

Thus some 40 per cent of the population of the province of Quebec is concentrated in the metropolitan area of Montreal.

The building of a coast-to-coast railroad was, to a great extent, the very lifeblood necessary for confederation to become a reality. It was a highly political decision, destined to promote progress inland as well.

There were other reasons why the province of Quebec was denied the railroads which would have meant greater industrial development for her. The former government, which held power for almost twenty-two years, neglected some areas and left them without needed railroads. This was typical of its neglect of the province of Quebec.

Thus, Quebec, with 30 per cent of Canada's population and a sprawling area, accounts for only 11 per cent of the railroad trackage, while regions with only a tenth of the population have equivalent trackage—or twice as much.

What is the sequel to this policy? Areas like Timiskaming, where, for twenty years, people have been clamouring for extension of the Montreal-Mont Laurier line, have, at best, remained static. The same applies to Gaspesia and other parts of Quebec—indeed, the entire country. Ore-rich areas like Chibougamau and Ungava, whose deposits were known practically half a century ago, are only at the dawn of their development, for people in the increasingly populous agricultural areas, unable to take part in the difficult development of industry in those parts where there are practically no communications, have been steadily forced to leave their village of origin, to take up residence in the big cities—even, alas, south of the border.

Mr. Chairman, allow me to draw your attention to a problem which exists in the town of Repentigny, in the federal riding of Joliette-L'Assomption-Montcalm. I have repeatedly tried to get the Board of Transport Commissioners to follow up an urgent request by ordering the Bell Telephone Company of Canada to include that town in the "extended area service". Now, Repentigny is near the island of Montreal, to which it is linked by a bridge, "Le Gardeur de Repentigny". Almost all the towns around Montreal have now obtained the "extended area service"

from the Bell Telephone Company of Canada, and Repentigny, a fast growing community, urgently requires this service to keep up with the times; a number of new housing developments are under way and, all factors considered, no town in the whole of Canada is developing at a greater pace. His Worship Mayor Rosaire Deschamps and the aldermen of the town are clamouring for this "extended area service", realizing that the company's present service can only hamper present development and future prospects of this progressive town.

Mr. Chairman, quite apart from this lack of a basic service, Repentigny is putting up with an outrageous situation: 12-party lines —even 15-party lines! Fancy this—in the middle of the 20th century! It is enough to make Graham Bell turn over in his grave. It is unbearable for Repentigny residents. I grant that the Bell Telephone Company of Canada deserves a good deal of the credit for the country's economic progress, but it is high time it dipped into its kitty which still contains several million spare dollars, and put an end to this paralytic blow at Repentigny's development.

I call upon the Board of Transport Commissioners to instruct the Bell Telephone Company of Canada to resolve this pressing problem as soon as possible, to the satisfaction of those concerned.

Mr. Chairman, may I, in conclusion, congratulate the Minister of Transport for the admirable way in which he performs his duties, and for his bilingualism—symbol of national unity.

(Text):

Mr. Smith (Lincoln): Mr. Chairman, I should like to refer to several matters that are extremely important to the riding I represent, and I think in a general way they are important to many other parts of Canada. In Lincoln county we are particularly interested in shipbuilding, water transportation and air transportation. First of all I should like to express my opposition to tolls on the Welland ship canal. Since the canal cuts across the Niagara peninsula I am well aware of the type of ships that use the canal and the type of cargoes that pass through it.

Briefly I should like to say something about the several canals that have been built in the Niagara peninsula during the last 130 years. Three canals in all have been built. I shall deal with the first one and also with the third canal, which is the one in use at the present time. The first canal was built by private enterprise with some financial assistance from the government of Upper Canada and the British government in London at that time. As it was a canal that was built by private enterprise, tolls were charged. In 1841 the capital stock of this canal company was acquired by the government of Canada, and since that time Welland ship canals have been entirely under the control and maintenance of the government of Canada and thus toll free.

About 70 years ago the first canal was discontinued as a ship canal, and since that time it has gradually deteriorated into a public nuisance, dangerous to health and public safety. Without going into full details in connection with the clean-up of this canal, I must say that negotiations with the Department of Transport have been going on since 1934. However, it fell to our present Minister of Transport to conclude the negotiations with the area municipalities. Preliminary work is now started, and the balance of the contracts will be let for the clean-up before the end of the year.

To turn to the present Welland canal, as I say tolls were discontinued many years ago, just as tolls were discontinued on our public highways, all in the interests of a freer development of Canada. A toll free Welland canal is a custom of long standing, and has been a matter of settled international policy for many years. To change that policy now could bring about retaliation by the United States of America, and tolls could be placed on the upper lakes channels that have been improved and maintained by the United States and have also been toll free. Industry and commerce throughout the entire upper great lakes region, in which there are large industrial areas both in the United States and Canada, have relied upon the established policies of no tolls. The imposition of tolls now would tend to destroy this stability and could discourage new industries from locating in these areas. Even a small toll on the Welland ship canal such as that recommended by the joint tolls committee establishes a new policy, and implies that further tolls may be imposed when further improvements and enlargements are made to the canal.

I believe that this is the time to make a decision against the levying of tolls on the Welland canal and to clarify its future operational authority. Industry located on the Welland canal and those considering locating in that area should know the future policy of the Canadian government with respect to this matter.

The Welland ship canal is different from other parts of the seaway and other parts of the great lakes navigation system. It is entirely owned by the government of Canada and lies well within the boundaries of Canada. I believe that this canal, located as it is,

should remain entirely owned by the government of Canada and operated by the Department of Transport, and should be toll free. There seems to be no need to have it under international seaway authority.

When I say the Welland ship canal is toll free and should continue that way, it does not mean that ships pass through the locks entirely free of charge. At the present time ships using the canal pay a locking charge to cover the cost of linesmen, supplied by the Department of Transport, who assist in tying up the boats when they pass through the locks. Industries located along the canal pay substantial charges for use of water, wharfage and other rentals, all of which is applied against the operational costs. This revenue from locking charges, rentals, use of water and wharfage amounts to something over $1 million annually, and the annual cost of operation and maintenance amounts to slightly over $2 million.

A review of these annual revenues should be made. I am informed that no increases have been made since 1932. Upward revisions, perhaps, could be made to bring revenues more in line with operating costs. The basic charge for locking a vessel through the canal is $25 for smaller vessels up to 250 feet long, and $50 for the larger ones. I believe it takes from four to eight linesmen on each lock to make the ships fast. There are eight locks, and it takes about eight to ten hours for a ship to pass through the entire length of the canal. I think there is reason to review this matter in order to bring our costs more in line.

Much of the cargo passing through the canal consists of Canada's natural resources including wheat, oil, pulpwood and iron ore. Tolls will only increase the cost of our wheat in Liverpool and our pulpwood, iron ore and oil in central Canada and the United States. We in the Niagara peninsula look forward with confidence in the expectation that with the opening of the St. Lawrence seaway it will be possible for coal from Nova Scotia and iron ore from the north shore of Quebec to compete with coal and iron ore from the United States. A toll free Welland ship canal would do much to make that possible.

I was interested to note in yesterday's press that Nova Scotia coal is now being delivered in the Toronto area. I believe this is the first time this has happened in a good many years, perhaps the first time it has ever happened. This is something we must encourage, but making it more expensive to sail on our waterways by the imposition of tolls is not going to help the situation. Tolls on the Welland ship canal and the upper lake channels might very well destroy some of the advantages which could be ours when the seaway is complete and larger vessels can be used. At such a time more direct shipments could be made of our raw material and natural resources. I trust that if the final decision on tolls is made by the cabinet when parliament is not in session, all the facts and forecast outlined in the many briefs which have been presented to the seaway authority and to the Department of Transport regarding the Welland ship canal will be thoroughly considered.

I would also like to mention the use of pilots on the great lakes by deep sea vessels. There seems to be a strong opinion in certain quarters that pilots are not necessary on the open lake but only when those ships are passing through the St. Lawrence seaway itself or the Welland ship canal, or are entering harbours and restricted channels. I understand, however, that our navigational signs and signals are quite different from those used under deep sea regulations. There is also, in many cases, a language problem in connection with foreign ships. For these reasons, and as a matter of safety for other vessels, I should think the captains of these deep sea vessels should have to undergo some test or examination before they are allowed to sail on any part of the great lakes system.

Another matter which I would bring to the attention of the minister is that of the pollution of our lake shore beaches by the discharge of sewage and industrial waste into our lakes, canals and water courses by the cities and towns. Many of our beaches on lake Ontario and lake Erie are becoming unsafe for bathing as a result of pollution from oil scum carelessly discharged from ships, untreated sewage and industrial waste. This is a matter which requires immediate attention, and it is one which is of more concern to the Department of National Health and Welfare. Nevertheless in the past the Department of Transport has given to municipalities and industries leases which permit the discharge of sewage and industrial waste into canals and water courses under the jurisdiction of the department.

I hope the minister will give this matter serious consideration. I know it is going to cost a lot of money to the city of St. Catharines; nevertheless it is something which must be faced, and the sooner we do it the better.

I would suggest to the Department of Transport that it should continue its interest in establishing regional airports in strategic areas, in providing services for feeder air lines, in picking up scheduled air services and

by providing intermediate service to relieve the larger air terminals which are now badly congested.

Another matter which I am sure concerns all of us is the passing of our coastal and ocean going ships into the hands of foreign operators. In particular, the passing of Canadian steamships into Cuban registry has not constituted a solution to our problem. I am familiar with a small Canadian company which is being forced into the same position which, by the way, is a St. Catharines firm. I refer to the Ahearn Steamship Company, which over the past five or six years has been engaged in hauling supplies into the Northwest Territories. Ships of European registry are now cutting into that trade and paying about one-third of the wages. And having a much lower standard of living for their sailors, they are taking away the business from our Canadian companies, and as a consequence this company I have mentioned now has only one of its four boats in operation.

I have in my hand a clipping from a labour magazine in which I was interested, having been associated with labour organizations at one time, and unless they have changed their ways their reports are generally pretty accurate. This particular report says that the Canadian government has sent a fleet of 52 ships into the Arctic carrying freight and military supplies, and of those 52 vessels only two bear Canadian registry. One of these is a ship of the Ahearn Steamship Company I believe and the other the *Maplebranch,* is from somewhere down in Nova Scotia. I think this is a very serious matter, requiring the consideration of the government. If nothing is done about it, then it will not be long before ships of Canadian registry will no longer be operating on the great lakes. Their trade is already being cut into to a great extent.

Mr. Chairman, my remarks have probably been rather rambling, but I appreciate the opportunity of bringing to your attention and that of the minister the problems of the county I represent. I am sure the minister will give them this serious consideration, as he did in connection with the clean-up of the old canal.

Mr. Badanai: Mr. Chairman, Dominion day this year, the 91st anniversary of Canada's confederation, marked the completion of the major works in the building of the St. Lawrence seaway and power project. It was the day on which the rushing waters of the St. Lawrence poured into a basin above the international St. Lawrence power dam. It was the day on which a new lake was born. According to the statement by the Minister of Mines and Technical Surveys made in the house on August 20, the lake has now been named lake St. Lawrence. The minister said that was the choice of the Canadian board on geographical names. I have no quarrel with this particular board, but it seems to me that the name is meaningless.

I thought here was an occasion to name this lake after a Canadian who had rendered outstanding service in the promotion of the St. Lawrence project. On August 4 last I asked the Minister of Transport the following question:

> Is the goverment contemplating naming the newly created lake in the St. Lawrence seaway in the near future? If so, is the suggestion contained in the letter to the editor to be considered?

A letter to the editor of the Ottawa *Citizen* which appeared in the issue of Saturday, August 2, impressed me with the idea that here perhaps was a suggestion which, regardless of political affiliation, was good and had real merit. I wish now to quote the letter which I was prevented from reading because, apparently, I was out of order in attempting to do so at that time:

> I understand our authorities are looking for a suitable name for the new lake in the St. Lawrence. I believe a Canadian name would be well received especially the name of one who had so much to do with the getting together of the United States and Canada in the formation and completion of this great project. I know most Canadians and Americans appreciate the efforts of Mr. Seaway himself, Mr. Lionel Chevrier, M.P. What man in Canada whether Conservative or Liberal is more entitled to a thank you for a job he did, than Mr. Chevrier?
>
> I believe lake Chevrier would be well received by the Canadian public in general and would also show that the present government appreciates the work of this great Canadian for services rendered whether Conservative or Liberal.

I do not know whether the minister is very happy about the choice, or whether he or the government ever gave any consideration to naming the lake, but it seems to me that the government should have seized the occasion to honour a person, preferably one who has had more to do with the actual planning of the great project than any other Canadian, by virtue of the position he held in the Canadian government of the day and subsequently as chairman of the St. Lawrence seaway commission.

I would say that the name "Chevrier" would have met with the approval of a large majority of Canadians. The large French Canadian population living along the shores of the seaway would have appreciated one of their favourite sons being so honoured.

Will the minister take all these factors into consideration and perhaps recognize the former minister of transport in some manner,

so that the name "Chevrier" will be associated with what has been undoubtedly one of the most talked about projects in the world, ranking alongside the building of the Suez and Panama canals?

Along the great lakes 8,300 miles of shore line, cities in the great mid-west of the United States will become ocean ports. The city of Chicago will be linked with Calcutta, Duluth, Antwerp, Toronto, Brisbane, Australia; General Motors of Canada will be able to ship a Chevrolet or a Cadillac to New Zealand for less money than it now costs to ship a car from Oshawa to Vancouver by rail; wheat will move from Fort William, Ontario to Rotterdam at a saving of up to 15 cents per bushel.

This is a reality of the near future, and what could be more exciting than to have Her Gracious Majesty Queen Elizabeth sailing along this great seaway on the royal yacht *Britannia* from Montreal to Fort William on the official opening of this magnificent project? A suggestion along these lines has already been communicated to the Prime Minister, and I understand that his office and Buckingham Palace are considering the idea.

The broad outline of the Queen's third visit to Canada next year would indicate that a voyage starting at Montreal and ending at Fort William would give Her Majesty and her sailor-minded husband one of the greatest possible opportunities for sheer enjoyment and relaxation, and would permit brief stops at major points on both sides of the international boundary.

I express the hope that the Minister of Transport and the government will do everything in their power to plan the official opening of this great project, in which the Queen will participate, in such a manner that it will go down in history as the most memorable Canadian event of the century.

There is another matter I should like to mention, and that is the effective role which Trans-Canada Air Lines is playing in the transportation field in our nation. This is at least one of the beneficial projects which the former Liberal government created, the chief architect of which was the former brilliant minister of trade and commerce, Right Hon. C. D. Howe. Trans-Canada Air Lines has an enviable record of efficiency and I wish to congratulate the president, Mr. G. R. McGregor, and his capable staff for the very courteous handling of passengers.

Now I would like to ask the minister if he is giving consideration to granting transportation privileges on T.C.A. to members of parliament on the same basis that is now enjoyed in connection with the railways. There are a goodly number of us who cannot possibly use the railways due to the time factor. Surely any member whose riding is 500 miles or more from Ottawa should have the privilege and the convenience of visiting his constituency as often as possible without being compelled to be away too long from his parliamentary duties.

I understand the minister was wholeheartedly in favour of the free use of the services of T.C.A. for members when he sat on this side of the house. May I ask him if he is still in favour of the idea—I hope he is—and may I also express the hope that he will see his way clear to make a statement on the matter which will give us all hope that we may expect the implementation of what he himself has advocated in the past, if not during the present session, which is nearing its end, then in forthcoming sessions of this parliament.

Mr. Herridge: Mr. Chairman, because the minister's estimates have been very thoroughly examined by the standing committee and because of their lateness in coming before us this session I am going to be most parsimonious in dipping into the barrel of time on this occasion. However, I should be remiss if I did not bring to the attention of the minister one or two matters which are still of very serious concern to my constituents.

Before doing that, however, I do want to say that after reading the minutes of the committee on estimates and Mr. Gordon's evidence I, like a good number of other Canadians who read reports of the same evidence in the newspapers, am very disturbed at the suggestion by Mr. Gordon that there is a need for the curtailment of the transcontinental passenger service in this country. I am one of a good many who hope this will not be necessary, and I think that in this respect the C.N.R. is somewhat at fault for a certain lack of patronage. I am not sure that everyone will agree with me, but I believe that with respect to transcontinental passenger trains The Canadian, which operates under the C.P.R., is probably the best train today; and hon. members can imagine how it pains me to admit that at this time.

These railways are the fundamental basis of our transportation system. Regardless of the possibilities of air travel and travel by road, we must realize that at all times during the year our heavy freight and commodities must go by railroad, and that in bad weather the great majority of people want to go by railroad, too. It is essential that we maintain our railroad system in Canada and our first class passenger service.

I realize the difficulties; the demand for air travel, for water travel, for improved transportation by highways and the carrying of freight by trucks, and so on. We are inclined to want everything at once without regard to the circumstances. I believe the whole situation in Canada with respect to transportation of all types shows a lack of planning, and illustrates the need for consideration of the entire problem from a national point of view and the development of a national transportation policy.

I have noticed from conversations with employees and with somewhat senior officials of the Canadian National Railways that there is a lowering of the morale of the staff of that company across Canada at this time. I am not blaming the management entirely for that. It is occasioned to some extent by large lay-offs in certain places involving men 45 years of age and over, who have given the very best years of their lives to the railway and who have an investment in their homes in the communities in which they have lived for many years. I have also noticed a certain lowering of morale amongst the supervisory staff, occasioned by the fact that there is a somewhat different approach to railroading nowadays from the approach that obtained in the old days.

Going back approximately 50 years I remember that some of the older officials of the C.P.R., the men who operated the railroad, were railroaders from the ground up. The railroads are now managed by business administrators and executives, to a large extent, and in my opinion and in the opinion of many people they have not the same human approach to problems as they affect the employees and the communities which the railways were designed to serve.

I have personal knowledge of many cases of men who have served the company well for a long period of years. I believe these remarks apply to both the C.N.R. and the C.P.R. These men have long experience and have given many years of good service. They find themselves denied promotion today because someone who has just graduated from a university with a degree in engineering or a bachelor of arts degree is considered more suitable for positions in these circumstances. I would not want to underestimate the value of those degrees and academic qualifications generally, but I feel that both the railways could give more serious consideration when they are making promotions in the middle supervisory class to those men who have experience and who have served the railways over a number of years.

In addition, it was recently brought to my attention that the C.N.R. has made an agreement with the Pacific Great Eastern Railway to haul its empty box cars from the coast to the interior for 5 cents a mile per box car. I do not know what the details of the arrangements are, but the information I obtained from people closely in touch with the administration of the C.N.R. in that division is that it will have the effect of taking traffic away from the C.N.R. without providing any substantial saving. I mention those facts because these older employees of both railways have no one to speak for them with respect to their complaints in general as they apply to the parliament of Canada, except members of parliament.

I now come to a more local problem, and I can tell from the look of anticipation on the part of the minister that he is eagerly looking forward to hearing what I have to say.

Mr. Hees: Always.

Mr. Herridge: In our own district we believe that the C.P.R. has been most unthoughtful in its consideration of the needs of the people of the district so far as passenger service is concerned, and has completely overlooked the great contribution that the Kootenays make to the industrial production of Canada. They have done that by reducing service in two ways. First of all, they have reduced the number of days the trains operate on the Kettle Valley railroad between Vancouver and Nelson; and second, they have reduced the service by running a Budd car without any sleeping accommodation or any cafe car for the serving of meals.

This has been brought to the minister's attention very forcefully by representatives of various organizations in my constituency which he visited during the election period last year in an effort to try and make certain that I did not return to this house. I do not blame him for that; that was his duty, and we all have to accept our responsibilities in that respect. However, it has been brought to his attention and it is continually being brought to his attention, as it is to mine. I represent a type of people who never cease agitating until they reach their objective.

They have the same attitude with respect to peacetime affairs as the 54th battalion had overseas in the war.

With respect to the reduction of service I wish to read a letter that was written by the local chairman of the brotherhood of railroad trainmen, Kootenay lodge No. 558, Nelson, British Columbia on July 31. The letter is addressed to Mr. G. L. Phillips, superintendent, C.P.R., at Nelson, British Columbia, and a copy was sent to me. The letter states the position from the point of view of the men who are operating the trains:

Dear Sir:

I have been instructed by the members of the brotherhood of railroad trainmen and other running trades to vigorously protest to you, the company attitude and manner in regards to the curtailment of service on the boundary subdivision.

On Sunday July 27, passenger train No. 45, two diesel units and four passenger cars was run from Nelson to Midway on the boundary subdivision, leaving Nelson at 9.00 a.m., arriving Midway at 1.20 p.m. A freight train extra 4064 east was run out of Midway on the same date, leaving Midway at 1.20 p.m. arriving at Nelson at 10.00 p.m. with ten loads and two empties.

The fact that the two above mentioned trains have been run on a day and weekend at which time a curtailment of service is supposed to be in effect is sufficient to prove that other trains could be run seven days a week under the same conditions.

The people in our district, the people in general as well as employees of the railway, are of the opinion that the C.P.R. is taking advantage of the particular circumstances in the Kootenay district, where on occasions the railway track has been blown up, to reduce the passenger service. In their opinion the very fact that freight trains can operate continuously is an indication that the company is taking advantage of this situation to reduce that service.

With respect to the Budd car, we find this is a most unpleasant means of travel. It is particularly difficult for older people coming from the coast because it involves a 22-hour trip in a Budd car with no sleeping accommodation provided and no opportunity to obtain meals in a proper manner. A newsboy does come around periodically with a pot of coffee and dried up sandwiches, but that is not suitable nutrition for elderly people, children and those who are sick.

I have outlined my complaints on behalf of the people I have the honour to represent, and I urge the minister to do all he can to ease the situation by discussing the matter again with the board of transport commissioners and the officials of the C.P.R. to see if something cannot be done to meet the very modest requests of my constituents.

Mr. Small: Mr. Chairman, I believe it was just a week ago today that I rose to make some comments on the estimates of the Department of National Health and Welfare, on which occasion you offended my sensibilities and caused me deep grief by suggesting that I was making a political speech. I was grievously hurt at your suggestion, because that was the farthest thing from my mind and because you know I never indulge in activities of that kind. I thought it was a general, rough and tumble discussion in which anyone could join, and I felt moved to participate in the discussion on that occasion.

However, a different situation obtains today. I am rising to speak on the estimates of the Department of Transport, and I want to join the happy throng who have jumped on the bandwagon and become one of the members of the mutual admiration club that has been operating since the minister concluded his remarks. In doing so I wish to extend him my compliments and congratulate him on the efficient administration of his department.

It was a revelation to me to find, shortly after I became a member of the house, that no matter from what constituency a member came or to what party he belonged, all of them, whether they were ordinarily extreme free traders or high protectionists, had one thing in common when it was a question of their own riding, municipality or province. They were all outstanding high protectionists. They wanted everything they could possibly get to protect their own ridings.

But today we have a general give-away, with each one after a bridge or a canal or a post office or an airport, and the Minister of Transport is acceding to their requests. I was particularly pleased last night when the hon. member for Laurier presented his request. He outlined his connection with the department over a period of years and complimented the minister upon carrying out some of the policies he had inaugurated and adding a few others that pleased him as well. He spoke about the St. Lawrence seaway, referred to the Lachine section, requested that the Quebec hydro authorities be given consideration with respect to development and mentioned an amount in the neighbourhood of $6 million which, with today's inflation, would represent a sum of approximately $20 million.

I was exceedingly pleased at the alacrity with which the minister acceded to the request of the hon. member, and the fact that the minister said he would go as far as he possibly could. It brings to mind what a difference a few years make, because I can remember the continual trek to Ottawa over the years by Sir Adam Beck when he was just plain Adam Beck, the father of hydro development in the province of Ontario. I can

remember how all during his regime, and subsequently Mr. McGrath, Mr. Cook, Mr. Lyon and Bob Saunders, all of whom had the interests of Ontario hydro and the province at heart, he came down here year after year to plead for development of the power potential on the St. Lawrence only to meet with obstacles, stumbling blocks and frustrations and have to go back home after fruitless journeys. The St. Lawrence seaway was known at that time as the deep sea waterway, later as the great lakes waterway and finally the St. Lawrence seaway.

No matter what party was in power the same answer was always given. No recognition was given to their pleas. In addition to having tremendous energy, Sir Adam Beck possessed marvellous powers of foresight in being able to peer into the future and assess the requirements of the province of Ontario and the whole dominion. He had an analysis made of the power potential of the province. He outlined what was going to be required. He pointed out that when Niagara power was exhausted Ontario hydro would probably have to call upon the province of Quebec to assist them, because Ontario hydro was then supplying eastern Ontario by bringing power from Niagara Falls.

The hon. member for Laurier mentioned the wonderful hydro development that has taken place in connection with the St. Lawrence seaway and said that he thought that Premier Frost should consider allotting some of the power from the St. Lawrence seaway development to the eastern section of Ontario in the same way as is being done by the New York state power authority across the river. I can assure the hon. member that Ontario hydro has always endeavoured to take care of the eastern part of the province, even going to the extent of bringing in power from Niagara Falls and elsewhere.

But the situation is different today. We have this power development now on the St. Lawrence seaway after 25 or 30 years of making appeals and being blocked by the electrical ring and commercial interests, some of the opposition emanating from the province of Quebec and the city of Montreal. The same thing happened in the case of Sir Adam Beck. The power ring in the United States concentrated all their efforts to frustrate everything Sir Adam Beck did in the interests of the people of Canada, particularly the people of the province of Ontario. If I were to follow the technique of the opposition groups of saying that we do not start things soon enough and do not go far enough I could point out that the St. Lawrence seaway is an outstanding example of that, in that it was not started soon enough and did not go far enough under the previous administration.

[Mr. Small.]

However, we are indulging in happy, mutual approbation today and complimenting each other upon the wonderful results of the St. Lawrence seaway. Nevertheless there is one thing I regret. I do not want to be too severe because of the nice-Nellie diplomatic policy of the previous administration in dealing with the United States, but things came to the point where we were so fed up with the opposition to the seaway project that we finally told the United States that if they were not going to participate in the project we would go ahead and build it and pay for it ourselves.

I thank the hon. member for Laurier for expressing appreciation of the services of Bob Saunders in abating the opposition in the United States and getting them to cooperate with the province of Ontario with respect to power. Be that as it may, the United States came to the conclusion that we were going to be tough about it and would go ahead. Therefore though they were reluctant to do so, they agreed to take part in the project. But after that our tough policy was watered down. It became lukewarm and the United States eventually took over and dictated the whole policy as far as the St. Lawrence seaway was concerned.

I will not say anything more about the building of the St. Lawrence seaway and the fact that we did not go far enough because we did not build our own canal system within the Dominion of Canada. I will leave that to another time later, because I do not want to mar the love and sweetness evident in this debate, and also because I know the minister would like to get these estimates through.

To change the subject for a moment, I am pleased that the amount of money available under the grade crossing fund has been increased. In that regard may I say to the hon. member for Laurier that I appreciated his attitude when he was the minister of this department and the matter of the grade crossing fund came up. I had always been vitally interested in it, and I still am. At that time I put forward a plea for further consideration by the government, but I was ruled out of order because the matter was under quasi-judicial consideration by the board of transport commissioners. However, I was very much concerned because in my riding there were some 11 level crossings where serious accidents had happened, and likewise in the adjoining riding of Scarborough there were 82 level crossings, 52 of which were considered hazardous because of accidents. I was, therefore, bringing the matter before the house knowing that I was out of order, but the hon. member for Laurier allowed me to practically complete my remarks before he

raised his objection. I want to say that I appreciated that very much.

When the report did come in it was worth waiting for, and I feel that the minister did his best at that time to increase the amount of money that is available. However, there was not sufficient consideration given to the matter because, in fact, there are very few votes in that proposition. At any rate, I think they are on the right track, and they are going to speed up the progress of removing this menace from the Dominion of Canada.

The other matter I should like to mention is one to which the hon. member for Kootenay West referred. The last time I was talking about it the hon. member was introducing a bill. While he was out of order, I joined with him in placing before the house some of the claims I thought should be made in regard to the railways. I have not changed my opinion on that. He has referred to the attitude of the president of the Canadian National Railways, and I think serious consideration should be given to that matter. I do not say it is an amusing thing, though sometimes it is, but it is alarming when the president of a great concern can come to our committee and, with the nonchalance of a person who is enjoying himself, tell the committee that we are going to have a deficit next year; that the railway is going to have to remove this particular service or reduce it. He did not have to tell us he was reducing the service, because everyone is aware of it. He says he is not getting the passengers, but he is not giving the service that the people of Canada require of him, and if it keeps on he will not have anyone riding on his passenger cars.

I pointed out to hon. members at that time the situation with regard to the stations at Ottawa and Toronto, as well as other places. I referred to the lack of service and the complete contempt in which the people travelling on the railroad are held. I thought there might be some prospect of a change in that situation, but no change whatever has taken place. I think it was a Mr. Dunn who was in charge of the service here who admitted that everything I said was correct but there was not much that they could do about it. It was one of those things with which we had to put up. They were going to move the station some five miles away soon, and the long-suffering public would have to put up with that until then.

There is the attitude of a railway that is operating on a deficit, for which you and I and all the people of Canada have to dig down into our pockets to pay. They cannot improve the service with these half-baked policies, these half-considered plans which are in effect today. Probably it would be a good idea if we called them in and said, "We are going to cut your salary in half because of the service you are giving." Probably we could say to Mr. Gordon, "All right; you are taking it so nonchalantly, how would you like your salary cut from $75,000 to $37,500?" If a private business were operated like that, there would either be a new manager very soon or the business would close down.

I have a clipping from a newspaper here which says that they are going to discontinue operating the passenger service to Owen Sound and Wiarton. There is probably some reason for curtailing that service, but they are going to continue the freight trains, and there would be no more expense involved in having a passenger car on the freight train. They said they would discontinue that service because they were not getting any passengers. Well I claim there will be no harm in leaving the passenger coach on the freight train that is to be continued; it will cost very little. The clipping goes on:

> The company further applied for licences which would enable it to carry by road transport the mail, express and passenger baggage formerly carried by two Montreal-Brockville trains.
>
> The railway said it proposes to serve all railway stations and express agencies on the line between Montreal and Brockville with trucks which would operate on highway No. 2 and others, and county roads.

That is a capital idea. At last they have a certain amount of wisdom and they are going to give faster service by using trucks. It is because of the slowness of the passenger service the railways were giving that people are using automobiles. I wish they would apply this to the railway section between Brockville and Ottawa. I wish they would take off those super-duper freight cars that they call express cars and baggage cars, and for which they have all kinds of freight and postal equipment. These cars form such a large part of the train that when you come to the station you have to crawl over crates and large trucks used for hauling away this freight and express.

Since the last time I mentioned this the railways have added another inconvenience. They just dump the ice on the platform in large blocks before putting it in the cooling system of these cars. You have to jump over that, and probably if you miss the jump and light on the slab of ice, you slide into the station on your backside. Just imagine my chagrin last Thursday when I was returning from the opening of the exhibition in Toronto. The Minister of Transport had to suffer the indignity of having to walk through the passenger cars up to the baggage cars before getting out in order to try to avoid walking through the rain. There were so many of these baggage cars on the train that the

passenger cars were down to the Laurier avenue bridge and the passengers had to walk through the rain right into the station. I said to the Minister of Transport, "Can you imagine that happening to us?"

Some hon. Members: Shame.

Mr. Small: Imagine that kind of service, when the Minister of Transport has to walk through all this rain and lose the press in his trousers to get to the station. I said, to our dapper Minister of Transport, "George, I think the next time we will have to get you the Governor General's car so you can be brought right into the station." Then, if they do not give better service, we shall have to carry this thing further. I think we would accomplish marvellous results if we were to bring in Mr. Gordon and say, "You are a swell fellow, and you can tell us how much you deficit is going to be, how much it is going to cost with your broken-down equipment, but we think your salary should be commensurate with the service."

He tells us that the parlour cars, the sleeping cars and so on are going concerns, that they produce a profit. At the same time they treat travellers with the utmost contempt. Hon. members have great difficulty in securing accommodation if they want to leave here on a Friday or Saturday night. They are told there is a waiting list, so you must wait for cancellations to get accommodation. When we receive that kind of treatment from a service that is producing a profit I think it is time we brought in Mr. Gordon and talked to him in a lovey-dovey fashion, saying, "We do not want to hurt your feelings, but we think the time has arrived when your salary should be commensurate with the kind of service you are giving, and probably at $25,000 a year you would be overpaid."

Mr. Crestohl: We were, of course, greatly interested in what was said by the hon. member who just took his seat, especially in the opening portion of his remarks when he joined hands in a very affectionate way with the opposition and congratulated the former minister of transport for the attitude he takes toward the present minister. But somehow or other I think the hon. member perhaps resorted to the type of caution that he always exercises in the statements he makes. He has always been very careful in every way he expresses himself to retain unity in the country, to retain unity as between the parties. With that same type of caution which he previously exhibited in this house, he now proceeds to reverse himself. I do not know why at this juncture he becomes critical in a way which, judging from his remarks, led me to believe that maybe the hon. member for Danforth is looking for an appointment or seeking a job in the railway service of Canada.

Mr. Small: Oh, heaven help me, no.

Mr. Crestohl: I do not know that, but that is the impression I received. After all, I think the hon. member has referred to a very fine civil servant of this country who, over the years and in difficult days in time of war, has been exemplary in giving the kind of service that Canadians should give to their country. There may be some criticism which might be made of the railway operation or of the railway system, but I do not think it is within the right of members of the House of Commons to speak in a fashion that is not appropriate with regard to a distinguished citizen of Canada and a prominent civil servant.

There was the suggestion, for example, that the minister himself had perhaps experienced some inconvenience in having to walk a little distance in the rain. This was typical of the humility which the minister has always shown in his new office. There is no hauteur about him. He is humble in his ways. He lives with the people. That is one of the things which I am sure prompted the hon. member for Laurier to congratulate him so fully and sincerely on his appointment.

I want to join in that congratulation. We find the Minister of Transport to be a most congenial gentleman. He is affable. Above all, Mr. Chairman, he is easily approachable; he receives you like a colleague in the house. He is really a splendid gentleman. With all these qualities, being a humble man and one who does not mind if he is obliged to walk several yards in the rain, the minister should be congratulated. Certainly he should be the first one to complain if he was not pleased with the situation.

Mr. Chevrier: He might even sing "Walking in the Rain".

Mr. Crestohl: As I said, he does not look any the worse for his experience. I am sure he has not suffered by it. However, Mr. Chairman, I should like to say something that is not intended to be critical.

The minister disturbed much of the thinking around the city of Montreal when he announced recently that there will be no air conditioning for the Dorval airport. That announcement was a disturbing one. The minister may have given good reasons, but it is my objective at this time, if I can, to persuade the minister to reconsider whether or not the new Dorval airport merits air conditioning. I should like to point out that there is a substantial increase in air travel, and that there will be a further increase in

the future. Montreal is the showplace of Canada to incoming air passengers, whether from the United States or from Europe. Montreal airport will make the first impression upon visitors or newcomers to our country. Having gone to the tremendous expense of erecting such a magnificent building, I think it is a little shortsighted not to complete it to the fullest extent. Certainly in a few more years air conditioning will be prevalent everywhere, in every public building. Why then wait a few more years and be obliged to tear down sections and instal air conditioning? The time to instal it is now. It will be done at a great saving if it is done now.

I should also like to point out not only that Montreal is the showplace to incoming passengers but that we must also consider first impressions. People coming to Canada and being received at such a magnificent airport certainly are being dealt with by civil servants. The immigration branch, for example, should have the comfort and the convenience of air conditioning when they are examining passengers, when passengers are sitting before them, are being questioned and cross-questioned and are having to spend time there. Imagining how uncomfortable the situation could be on a hot July day for incoming passengers on their first trip to Canada, being in this gorgeous building and sitting and sweltering in the heat before an immigration official. Apart from the fact that answering questions is a trying experience—being alert to answer properly—there is that added discomfort.

Then, of course, you also have the customs branch. Why should not the customs officials enjoy the convenience of air conditioning? Everywhere in public buildings it is possible to enjoy it. The customs officials must exert themselves physically in the lifting up of baggage, in the lowering of baggage, in opening it and in closing it, and in examining the baggage of passengers. On a hot sweltering day it is not a very comfortable occupation. I am sure the hon. member for Danforth would not like it. Does the minister wish to say something?

Mr. Hees: If I may, Mr. Chairman; I see that it is about one o'clock. I should like to thank the hon. member for his very constructive remarks, and also to assure him and other hon. members from the Montreal area that since I made my announcement in the house, my officials and I have been doing a great deal of thinking about this matter with a view to seeing whether something can be done. I am very hopeful that something can be done, and that it will be possible to make a statement to that effect in the very near future. I thank the hon. member for what he has said, and I agree with him. Everything possible is being done to work out something along those lines and, as I have said, I hope to be able to make in the very near future the kind of statement that he would like me to make.

Mr. Crestohl: With that assurance, Mr. Chairman, I have nothing further to add, and I shall conclude my remarks.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: I had not really intended to inflict any remarks on the committee in connection with the minister's estimates on my own account, but my hon. friend, the member for Grand Falls-White Bay-Labrador, is unfortunately not able to be here today, and there are one or two matters which he wished to bring forward and which I am sure the minister will excuse me for bringing forward in his stead.

Before I do so, however, although I was not in the committee this morning I understand that an hon. gentleman on the other side of the house had some observations to make about the president of the Canadian National Railways, and I wish to say that so far as I am concerned—and I hope I am speaking in a completely non-partisan way—there have been times in the past 21 years or more of our friendship when Mr. Gordon and I have not seen eye to eye on some subjects. It is very hard for anyone with the strong opinions I have and the strong opinions Mr. Gordon has to always agree on everything, but he is in my opinion one of the greatest public servants this country has ever had.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Indeed, none of us who lived in Ottawa through those awful six years of war under the great strains which we experienced during that period will ever forget the extent to which Mr. Gordon's work enabled this country to make the tremendous effort it did at that time in the prosecution of our part of the war. Mr. Gordon undertook his present position without any previous experience in connection with railways, and I think no one would doubt that he undertook that task with the same zeal, the same energy and the same intelligence—and I might say the same disinterested patriotism—which he brought to every other task he ever undertook.

While many of us may disagree with some of his decisions at times, and there are

times when I have myself disagreed with them, I still believe no one could find grounds for questioning the disinterested public service of this great public servant.

The two matters which I wish to raise on behalf of the hon. member for Grand Falls-White Bay-Labrador are rather closely related and have to do with communications in Labrador. The first matter is one with which I know the minister's department is familiar, though he himself may not be familiar with it, and I am not asking him for his comments at this time but I just wish to place the matter on record and ask for his careful consideration of it. I would refer to an agreement made by the Department of Public Works, although today this is really a matter for the Department of Transport. The other party to the agreement was the Gulf of St. Lawrence Telephone Company, and it was made a short time before confederation, or at least what I call confederation, that is to say March 31, 1949.

If the minister will look up this agreement he will see that in so far as the operation of that company in the province of Quebec was concerned, there were certain stipulations about the maintenance of the service, and that similar stipulations were not made about the maintenance of the service in that part of Labrador which is in the province of Newfoundland. Of course it is easy to understand that at that time, since Newfoundland was not a part of Canada, it was not part of the domestic duty of the government of Canada to make provision with respect to that area, but it does seem to me that under the circumstances which have existed since March 31, 1949, there should have been protection and service given in Newfoundland equal to that given in Quebec. I am not going into the details of this matter, but I hope the minister will take a sympathetic look at the question, as I believe is the minister's practice in connection with all such matters.

The other matter to which I wish to refer is one which has always been directly under the minister's jurisdiction and, so the minister will not give me what used to be the stock answer though we are hearing it less and less, namely "Why didn't you do it", I will tell him right now why I didn't do it. It was because I was not able to persuade the minister's predecessor to do it; but I believe the arguments I put to that hon. gentleman in private are still sound arguments, and since I am not under the strain of the responsibility from which the present minister now suffers I can put those arguments in public at this time.

Under the terms of union, as the minister well knows, the telegraphic and telephonic communications in Newfoundland were operated by the department concerned with postal and telegraphic communications in that province. In the island of Newfoundland these services were transferred to the Canadian National telegraph system, and that system has extended its service, not as fast as my friend the hon. member for Burin-Burgeo and I would like to see it done, but it has been steadily extended. Unfortunately the same process did not apply in Labrador, although Labrador is just as much a part of the province of Newfoundland as is the island of Newfoundland. The facilities which then existed there were brought under the operation of the Department of Transport. Unhappily some of these facilities have been restricted in recent years, and there has been no expansion in Labrador comparable with that carried out by Canadian National Telegraphs on the island of Newfoundland. This has caused a great deal of inconvenience and some hardship and, in some cases, actual suffering in the area.

I know this is not a situation which could arise in any other part of Canada, because in other parts of this country telegraphic and telephonic communications are either provided by private companies or by provincial entities; but in the province of Newfoundland, because of its former status, the post office service was part of the postal and telegraphic department service. It is, in fact an inheritance from the days before confederation, and is one of those unique features which we have to take into account in our confederation in exactly the same way as in other respects we do with the province of Quebec.

I recognize that this is not a comparable situation at all, because I recognize how much more important is the situation from the point of view of Quebec. But in the same way that we respect the civil code of Quebec, this peculiar situation in the province of Newfoundland should be recognized and we should seriously consider maintaining, and where necessary expanding and improving, that service. I do hope these arguments which would have been made by the hon. member for Grand Falls-White Bay-Labrador had he been here will commend themselves to the minister.

I am now going to speak on my own account with respect to one other subject which I wish to bring to the attention of the minister, and I hope that here again the minister will appreciate that I do not do so in a spirit of captious criticism.

I was very apprehensive when the minister told us in the house a month or so ago about this new policy of almost unrestricted competition which was being encouraged with regard to certain types of air service. We

are very apprehensive in Newfoundland—and I think the minister will probably find that this is true in other outlying areas—that this is going to result in fly by night competition—perhaps that is not a very happy image to use; I do not mean literally flying in the night time—but we are apprehensive lest outside companies should come in for a time, skim the cream off the milk, and then go out again.

We know that this situation did exist in the thirties. We remember how some of these small companies, shoestring operators, were put out of business at that time. We think the minister should take another long and careful look at this matter and keep an eye on it to see that reputable companies which give service day and night, in season and out of season, are not going to find all the profit taken out of their flying by competition from operators who, once they have made a killing, will leave the place without any adequate service.

I have tried to speak to these points as briefly as possible. I would appreciate the minister's consideration of them.

(Translation):

Mr. LaRue: Mr. Chairman, before addressing the house today on this subject, I think it would be timely for me to say something about my constituency. Saguenay is the biggest constituency in Canada, with the exception of the Northwest Territories. With an area of 374,000 square miles, it has a widely scattered population of approximately 80,000. There are 2,000 enfranchised Eskimos scattered among ten posts along James bay, Hudson bay and Ungava bay. The remainder of the population live in a 700-mile coastal strip along the St. Lawrence gulf and river, stretching from Tadoussac to Blanc Sablon.

Mr. Chairman, during my 8 years as director of the chamber of commerce of Baie Comeau, I had a firsthand opportunity of seeing that Saguenay's main economic obstacle is the dearth of adequate communication facilities, whether they be by air, land or sea.

Today, Mr. Chairman, I want particularly to mention our land transport facilities placing special emphasis on the necessity of a railroad on the north shore of the St. Lawrence. I shall try to be as concise as possible, as I do not wish to delay the progress of the session.

It has always been considered that the great thing in opening up an area is to build railroads; that is how the Canadian west was opened up—not, I would add parenthetically, without great sacrifices.

A railroad running from Great Slave lake is at present contemplated with a view to developing the mining industry.

Saguenay is going through a phase of full industrial expansion. Great strides are being made in the forestry and mining industries, and in power development.

I will name a few of the companies operating in my constituency: In forestry, we have the Quebec North Shore Paper, the Consolidated Paper Company, the Donnacona Paper, the Anglo Canadian Pulp and Paper, the St. Lawrence Corporation, the Canadian International Paper, and the Gulf Pulp and Paper.

As for mining, we have the Iron Ore Company of Canada, the Quebec Iron and Titanium Corporation, the Quebec Cartier Mining, and the Canadian British Aluminum. Further, Cyrus Eaton has a mammoth project for the development of the Hamilton Falls.

The grain elevators, I might add, are in the process of construction.

A 350-mile railway, the Quebec North Shore and Labrador Railway, built and financed by the Iron Ore Company, carries the ore from Knob Lake to Seven Islands. Another railroad is being laid down by Quebec Cartier Mining. It will stretch 150 miles from Shelter Bay, in the north of Quebec.

Even greater industrial expansion is foreshadowed in Saguenay by its enormous hydraulic resources. Saguenay's hydro-electric potential is calculated at 12 million horsepower.

To sum up, Mr. Chairman, we can say that the various companies have invested capital of at least a billion dollars so far, and economists assure us that, by 1970, companies' investments in Saguenay will exceed two billions.

It will be noted that the various companies operating in the Saguenay did not allow the constituency's development to be contingent upon federal aid in transport; these private undertakings went ahead with their own capital to build harbours, airports and railroads.

But I think, Mr. Chairman, that it is now up to the federal government to show its good will by improving our transport facilities. Indeed, the companies in Saguenay are confronted with a serious problem, namely, winter transport. Navigation in winter has become most difficult, regardless of all the aid from the federal government.

Consequently, heavy industry is forced to stockpile an enormous amount both of its production and of material needed for production. The same problem applies to small industry and trade. Businessmen must accordingly invest considerable amounts in the fall, so as to have the necessary material on hand for the winter.

Mr. Chairman, there is only one adequate solution to our transport problems, and that is to build a railroad from Seven Islands to Quebec. But I know that a responsible government must be sure that such a project will be self-liquidating before it can contemplate the enormous investments required for railroad construction.

In this connection, Mr. Chairman, I would draw special attention to the excellent brief submitted by the chamber of commerce of Baie Comeau to the royal commission on Canada's economic prospects.

This brief contains all the necessary information to prove conclusively that not only would a railroad in Saguenay be a good proposition, but that it should also compensate for some of the deficits which the Canadian National Railways have in other areas.

In conclusion, I would like to quote an extract from this brief.

(Text):

An active and insistent group with the formidable title of "Comite du Chemin de Fer Chambre de Commerce du District de Baie Comeau" have been making studies of the possible rail routes and have met with Mr. Marler recently on this subject. We will quote the extracts from the report of our committee drawn up November 5, 1955. Certainly the question of the construction and economic prospects for a railway along the north shore should be given serious and immediate study by our federal government. Such a railway line, we believe, would be of national value to our great dominion with its growing importance, responsibilities and new sources of danger.

Our committee reports as follows: In view of the growth which is taking place in this section of the Saguenay and north shore region and the wealth of potential resources available for future development, it is important that consideration be given to supplying year-round transportation facilities in the form of a railroad.

While it is impossible for us to provide estimates of the present profitability of a railway line, joining present C.N.R. facilities and extending to Baie Comeau and Seven Islands, it is apparent such a rail line should be built in the general interest of Canada. We believe that there is sufficient assurance of future development in this area to merit such action.

...Any railroad can only be profitable if the freight traffic to warrant its construction and operation is available. The Minister of Transport mentioned a minimum of 500,000 tons a year would be required to warrant such a venture. Our committee is presently working on preliminary estimates and these are not yet complete; however, the first large item which we would be certain of is the movement of at least 100,000 cords of railed pulpwood which amounts to 250,000 tons to start with. There is merchandise, construction supplies and equipment, pulp and paper machinery and products, mining machinery and products, army, navy and air force requirements. With a population of 100,000 people, which we will realize in a very short time, and rapid and increasing flow of raw and manufactured or semi-manufactured materials, we believe the north shore and Labrador will load much more freight on a railway each year than you will find on some of the railways above enumerated which have been recently undertaken by the C.N.R. We count on your commission to draw to the attention of our government the need for an immediate and serious study of our railway problem.

Mr. McGrath: Mr. Chairman, I have a few matters I should like to bring to the attention of the minister at this time, and I do so in the knowledge that the Department of Transport which administers the Canadian National Railways has a great responsibility in the province of Newfoundland because the C.N.R. is practically our sole means of transportation there. Consequently I should like to bring a few points pertaining to transportation, particularly as they apply to the C.N.R., to the attention of the minister.

We all welcomed the announcement made by the minister to the effect that the long awaited arrival of the ferry *William Carson* was now an accomplished fact and that she had sailed into Port aux Basques harbour on a trial run. I do not intend to comment on this controversial vessel. All I should like to say is that I hope the minister later on in this discussion of his estimates will be able to tell the committee what are the results of that trial run, and also when the *William Carson* will be able to operate to Port aux Basques as she was intended.

During the time when further repairs and alterations were being made at Port aux Basques this vessel plied between North Sydney, Nova Scotia, and Argentia in the eastern part of Newfoundland. This fact lends emphasis to the following important point. As yet the province of Newfoundland does not have an adequate system of roads. No doubt some hon. members will be surprised to learn that it is impossible to drive from east to west in Newfoundland. Therefore the following question naturally arises. With the advent of this automobile ferry service to Port aux Basques, what useful purpose will it serve? I submit it will be many years before this vessel can operate as she was intended to operate, carrying automobiles from Nova Scotia to Newfoundland, because if she does go to Port aux Basques there are virtually no highways to take the automobiles across the province.

With that in mind I should like to point out the need for a ferry to ply between the eastern part of Newfoundland and Nova Scotia on the mainland of Canada. The Avalon peninsula is practically an island in itself. Two-thirds of the population of Newfoundland are domiciled there, and much of the industry in that

province is located there. Indeed, there is a great need for some means of communication between this peninsula and the province of Nova Scotia, in order that our people may communicate directly and freely with the rest of Canada.

I would hope that the minister, his department and particularly the Canadian National Railways will give consideration to the following request. If it proves that the *William Carson* cannot operate effectively to Port aux Basques, I hope consideration will be given to providing facilities at Argentia in the Avalon peninsula of Newfoundland so the vessel could operate as a car ferry to the eastern part of the province.

I have been concerned about the attitude of the C.N.R. with regard to Newfoundland, because whenever hon. members of this house representing Newfoundland have approached the Department of Transport or the railway concerning badly needed improvements they have been met with the attitude that such improvements would not be profitable. I submit it should not be a question of profit. The C.N.R. is the only means of transportation on the island of Newfoundland; consequently I believe it has a grave responsibility to the people of that province. Profit should be only a secondary consideration, and service should be placed above all else.

I noted with interest the comments of the minister to the effect that provision was made in his estimates for the construction of an auto ferry to ply between Portugal Cove and Bell island in my constituency. This is a very important island in the province of Newfoundland which for many years has carried on under a most inadequate system of transportation. Frequently the ferry service as it presently exists did not function at all.

When this new boat is put into operation I would ask the minister and his deputy to give consideration to extending Canadian National express services to Bell island. That island has a population of approximately 10,000 people and is the site of a great iron ore mine, one of Newfoundlands chief industries. The people there should have the benefit of Canadian National express service. At the present time they are treated the same as the residents of the city of St. John's, and they operate under the same regulations. If a Bell island businessman or resident receives goods via Canadian National express he has only 48 hours to go to the express office in St. John's and claim his goods. If he does not reach the office within that period he is penalized. On the surface it would appear a simple matter, but for a resident of Bell island to reach St. John's he must cross a stretch of water which consumes 30 minutes of his time. In all about an hour is required to make the trip because the present ferry service does not operate on schedule.

Representations have been made to the department and to the railway on this important subject. I ask the minister to bring pressure to bear on the C.N.R. with a view to seeing whether it is feasible to establish a suboffice of the Canadian National express on Bell island so the local people will have the same advantages that are enjoyed by people in St. John's.

The other point I should like to make has to do with Torbay airport. A new terminal building is currently under construction there, and I understand that the official opening will possibly take place next month. In that connection I would emphasize the need for an alternate air strip. Torbay airport was built during the war as a military air field, and I am afraid very little consideration was given to the location of that air strip because flying conditions there are not always what they should be. As a matter of fact Torbay airport is closed in a lot more than it should be. About 30 or 35 miles from the site of the present airport at Torbay excellent flying conditions can be found, and the terrain lends itself to the building of an alternate air strip.

This is very important in view of the importance to my province, and to the city of St. John's particularly, of Trans-Canada Air Lines. With no road system so people can drive their cars across the province, and with no car ferry on which to put their cars in order to go to Nova Scotia, the people are practically wholly dependent on Trans-Canada Air Lines. Consequently it is a very serious handicap when Torbay airport is closed in for as much as a week at a time, as it sometimes is. I would ask the minister to give this matter serious consideration.

Finally, I should like to express my gratitude to the Minister of Transport for the great personal interest he has taken in matters pertaining to my province. There are many accomplishments which can be directly attributed to the minister, not the least of which is the building of the new car ferry for Bell

island. I hope his record will continue to be one of good service to the province of Newfoundland, and I hope the recommendations I have made this afternoon will merit his consideration.

Mr. Deschatelets: Mr. Chairman, on July 31, 1958, as found at page 2888 of *Hansard*, the hon. member for Papineau asked the minister the following question:

—whether the minister has recently received representations requesting the implementation of the decision taken by the previous administration to build a third bridge over the St. Lawrence river in the east end of Montreal.

On August 1, 1958, as found at page 2939 of *Hansard*, the minister answered as follows:

I have not been able to find any record of a decision by the previous administration to build a third bridge over the St. Lawrence river in the east end of Montreal. Various representations relating to this subject have been received from time to time and the matter, of course, will be kept under review.

I should now like to repeat by reading from *Hansard* two statements I made previously concerning the construction of a third bridge in the east end of Montreal. As found at page 706 of *Hansard* for January 31, 1955 I said:

I would like here, in passing, to suggest to the government to take into consideration the building of a new bridge on the St. Lawrence river at the end of Pie IX boulevard; when I am suggesting the building of this additional bridge for Montreal what I have in mind is the speeding up of traffic. As a matter of fact, all the traffic coming from the eastern part of the city must now go through the centre part of the town in order to cross Jacques Cartier bridge; this Pie IX boulevard bridge would link the south shore of the river with eastern Montreal, and would connect directly the Laurentian highway with Pie IX boulevard at St. Vincent de Paul. But the deepening of the St. Lawrence waterways will bring about a situation which will make the building of the Pie IX bridge still more urgent.

I should like to refer now to page 2062 of *Hansard* for March 15, 1955, where I said:

Once more, as I did a month ago in this house, I ask that another bridge be built in Montreal at the foot of Pie IX boulevard.

I continue.

(Translation):

And now, Mr. Chairman, as the Minister of Transport stated, in reply to a question by the member for Papineau (Mr. Meunier), that he could not find the file on the building of a third bridge in Montreal East, I thought, first of all, that the record should show the requests that have been made in this connection since 1955.

I now want to bring the minister up to date on the various conversations I have had on this subject with the former minister of transport, Mr. Marler. The former minister of transport, having instantly recognized the need for a third bridge in Montreal East, had decided in 1957 to submit the matter to the cabinet once work on the bridge of the Ile des Soeurs (now Champlain bridge) had been completed. I am sure the minister will not refuse to take my word on this, but I must tell him that the matter goes much farther than that, for even the name of this new bridge was dragged into the discussions. As controversy was raging at the time about the name chosen by the C.N.R. authorities for the new hotel, I had suggested to the former minister of transport that the authorities of the city of Montreal, as well as the residents of Montreal East, would be only too proud if we called this bridge ofter Montreal's founder, Maisonneuve. To this, the former minister of transport had replied to me that it was not the practice for the former Liberal government to impose names for constructions under its jurisdiction.

I must say, in this connection, that the present government followed our policy in selecting the name of Champlain bridge.

The former minister of transport had, however, promised me that if the authorities of the city of Montreal, and the public bodies concerned, agreed upon calling it Maisonneuve bridge, then the government of that time would be happy to agree.

(Text):

The minister will appreciate, no doubt, the work that has already been done by Liberal members toward the construction of this third bridge over the St. Lawrence river, and he will also appreciate the fact that even the name has almost been chosen. I know the Minister of Transport very well and I know that he will not be disturbed at all by the fact that if the government proceeds with the construction of this third bridge Liberal members from the city of Montreal might be given credit for the work they have done. The minister has repeatedly said that he is not concerned with political patronage, and as long as he follows this line of conduct he must be congratulated.

The minister is more concerned with the need, and now that proof of the need has been established, now that preliminary discussions have already taken place, now that the previous minister has examined the need and found that a third bridge should be built, and now that even the name has already been mentioned, I am sure he will do his utmost to recommend to his colleagues

the immediate construction of this third bridge to be known as the Maisonneuve bridge.

Mr. Fisher: The minister's introductory statement, which he made last night, contained two paragraphs which were devoted to the question of pilotage. I note that he said:

> We expect in the coming months to send a special team of officials to our pilotage districts to hold discussions with the pilots themselves and other interested parties or groups in an effort to ensure that existing problems are not overlooked, and that we are doing our best to provide a proper atmosphere for the operation of pilotage.

The question immediately comes to my mind, why did the minister not do this long ago? We have had a dispute on the lakes —I know it appears a small matter affecting the livelihood of only some 40 Canadians— but why was this step not taken some time ago? However, he went on in his statement:

> Special problems relating to the Kingston and the great lakes area will involve further discussions with the United States, as a result of construction of the seaway. At the moment, our objective is to provide a balanced framework within which pilotage may operate in the mutual interest of both shipping and pilots. Pilotage dues now represent a substantial cost to shipping—

I think we need to interpolate right here that pilotage dues do not represent a substantial cost to United States or Canadian ships within the great lakes system. I doubt very much that pilotage dues represent a substantial cost, because if you divide the cost of pilotage into the total tonnage carried by foreign ships I do not believe you would find it a terrific burden. Then the minister went on:

> —and we will seek to avoid a situation in which this becomes so expensive as to injure shipping itself while, at the same time, ensuring the proper standard of working conditions for pilots.

When we were considering these estimates in the standing committee, the minister was very blunt in answering some points I tried to make. As a matter of fact he received considerable applause from most of the government members on that committee when he came out with the forthright statement that we did not care what the United States thought about this, Canada was going to set its pilotage policy on its own. I can certainly understand why the minister made that statement in the particular way he did, but it seems to me it overlooks, in its sharpness, the realities of the situation, because the minister in his statement said it involves further discussions with the United States. The minister's answer in the committee ignored the fact we have to co-operate with the United States just as they have to co-operate with us. There can be no throat-slitting by either party in this regard.

As I interpret the situation, it seems we have a lock-out or a strike, whatever you want to call it, and some 40 Canadian pilots who formerly made their living by piloting foreign ships in great lakes waters are out of work. Most of these pilots picked up their ships around Kingston and went on from there. As of last year they dealt with the shipping federation of Canada on a sort of temporary basis. The shipping federation of Canada is not a federation of Canadian shipping interests, it is really a committee representing foreign ship owners. The pilots formed themselves into an association and made arrangements with the United States association or union representing the masters and mates, to approach the whole seaway problem together from the pilots' point of view.

When it came time to renew the contract for this year with the shipping federation of Canada, the shipping federation turned down any negotiations on the demands of the pilots and informed them they were going to set up their own pilotage district between Port Weller and Sarnia. The shipping federation said they would not need pilots on any other part of the great lakes system. The deputy minister of transport, I understand, informed the shipping federation of Canada that it had no authority to set up a pilotage district and tried, along with the minister, to bring the shipping federation and the pilots together in some sort of colloquy to settle their problems.

The pilots have informed me that they have always been willing to go to such a meeting, either under the aegis of the minister now before us or the Minister of Labour. The shipping federation has refused to deal with this particular case. I have asked to have tabled the correspondence between the department and the shipping federation and with the dominion marine association, which is the third interested group. I had hoped to have that correspondence available today so I would have a better idea of the opinions exchanged between the ministry and these organizations.

The Canadian pilots had hopes that legislation which was passed by the United States House of Representatives and was before the Senate would win them back their jobs. It was expected that this legislation would become effective this fall. During what I understand was the last committee meeting to be held on this particular legislation the chairman of the committee, Senator Magnuson, announced that the state department, which

interposed no objection during the house consideration, telephoned him to urge delay because of opposition by the Canadian government.

In effect, therefore, this is one example where a Canadian protest had some result, unlike the Premium Iron Ores case where the Canadian protest seems to have been ignored. Our government, acting on the advice of the Minister of Transport, has blocked some United States legislation which indirectly would have had a beneficent effect on our own pilots; that is the way I interpret it. Perhaps I interpret it wrongly. I know that was not the consideration in the mind of the minister. I think he was undoubtedly pressing the point of view of the Canadian shipping federation, perhaps not deliberately because I suppose they are coincidental, with the emphasis upon the high cost of pilotage which may put tremendous burdens upon transportation costs and upset our whole dream of cheap shipping through having foreign bottoms come into the great lakes.

This is all very well as an argument, but we have to consider what is going to happen to Canadian shipping and Canadian pilots in this regard. What were the reasons for the anxiety of the United States, especially the United States coastguard, to go ahead with this particular bill, which the Canadian government managed to hold up temporarily? The emphasis in the United States bill was, I know, on safety and security and to have on foreign ships at all times in this very expensive seaway system pilots who had been screened both for ability and for loyalty.

As a result of the Canadian government's action in killing this bill, there are a couple of other possibilities looming up. One possibility is that each individual state along the great lakes will be able to write its own legislation so far as pilotage is concerned. We could get into a situation where Governor Harriman in New York could require a Canadian pilot to get off a ship going through that part of the canal and a United States pilot would take the ship through until it got back into the river. We know that sort of thing is probably nonsense, but the point I want to emphasize is that each of the states has retaliatory power if it wants to use it.

I underline the fact that we need an agreement with the United States on the federal level which will take all these factors into consideration. What I am afraid of is that the government, in its present ignorance, is going to be pushing strongly the interests of foreign shipping rather than, let us say, the interests of our Canadian pilots and the mutual interest they have with the United States pilots. I feel also that the government may be missing the safety factor.

I should like to read to the committee, Mr. Chairman, part of a statement by Captain John Bishop, international secretary treasurer of the international organization of masters, mates and pilots, in support of this bill No. S-2096 of the United States House of Representatives, which was blocked in the Senate by our government's action. I read this in order not to back up his position completely but just to put on record the American side of opinions, which opinions are held by our great lakes pilots and held with sincerity. Captain Bishop said:

> I am appearing today in support of S-2906, a bill which would upon enactment, formulate a long-needed safety factor in the fast growing navigation program in the great lakes and St. Lawrence seaway area.
>
> The present laws regarding manning by licensed officers on United States and Canadian vessels provides for sufficient qualified personnel, licensed by the appropriate agency of the countries mentioned. However, the fact remains that foreign vessels are not required by law to provide for competent and qualified personnel to pilot their vessels in the area under consideration and covered by the provisions of this bill. The fact that this situation exists, certainly indicates that no matter how proficient and qualified the American or Canadian pilot may be in the execution of his duties, complications will arise over which he has no control.
>
> It may be readily seen that a hazardous situation will exist when, during each such an ordinary event as the passing of two vessels, where one being piloted by a thoroughly competent licensed pilot and the other is manned with a crew of individuals who may be making their first trip in the great lakes area and are unfamiliar with our passing signals, rules and regulations. There are even cases when communication by radiotelephone is impossible, due to the language barrier between the foreign crew or the American or Canadian crew.
>
> Although the passenger vessel trade is small in nature as compared to the bulk and dry cargo trade on the lakes, one major catastrophe caused by the lack of properly experienced pilot personnel would prove tremendously embarrassing to the opponents of this legislation as well as a possible reflection of dereliction of duty on those charged with the safeguarding of the American public.
>
> The reciprocal feature of the bill involving Canada provides the solution to any possible problem which may arise due to the geographic nature of the ports and channels of the seaway and the ports in the great lakes area.
>
> The significance of proper pilotage regulation can be best indicated by the fact that in practically every seaport in the world, a pilot native to that country is required by law on entering or leaving the port or navigating in canals, rivers or other areas which may be deemed dangerous.

In other words, if I may interject here, if a Canadian ship goes into foreign ports it is going to have to have a pilot in almost every case. But we are much more generous with

our ports and our installations, at least in this government's view. Captain Bishop goes on to say:

I think the record of casualties involving vessels without the proper personnel will indicate the necessity for regulation of vessels covered by this proposed legislation.

In the interest of marine safety, it is essential that a pilot or other qualified officer direct and control vessels navigating on certain channels and rivers of the great lakes system. We further maintain that when a vessel is in the open areas of the great lakes, it would be sufficient if the pilot was on board subject to call to assume control and direct the navigation of the vessel.

One fact which we feel of equal importance is the feature of security which would be provided by the enactment of S-2096. Although the presence of an American or Canadian officer would not by any stretch of imagination stop any smuggling of contraband or narcotics into this country we feel it would be a factor which would at least slow it down, also the illegal entry of aliens could be more closely observed and reported to the proper authority.

The American officer at the present time must be screened by the United States coastguard for security and loyalty wherein a great deficiency exists on foreign flag vessels in this respect.

The safety factor for American shipping alone warrants the endorsement and support of this organization.

That statement is the United States pilots' position. In other words, they insist that safety and security are extremely important there. Our government evidently feel that those matters are not major considerations. I understand that the United States coastguard helped to prepare the bill which our government blocked. We must assume that the United States coastguard considered safety and security to be extremely important matters.

I know we must balance safety and security against cost. I should like the minister to tell us just what pilotage costs are in relation to the total costs of moving freight in the great lakes. One of the points I think the minister must recognize, if he knows anything about foreign ships, is that they work with practically skeleton crews compared with our own lake ships. There were foreign ships on the lakes this summer with crews as small as 10 or 11 men. Yet the minister is worried about the cost of pilotage of these ships, and evidently seems willing to present the point of view of this group of foreign ship owners that the high costs of pilotage are something about which we need to be deeply concerned.

There is one final point I wanted to make in connection with this matter. This is from a brief prepared by the great lakes pilot association, which states as follows:

The shipping federation argues that pilots are not needed on "the open waters" of the great lakes. Foreign ships propose to use—and they are now using—pilots in the Welland canal, the Detroit river and the St. Clair river. They state that they do not even wish to use pilots on lake Erie. The argument is completely fallacious. The so-called "open waters" can be and often are very dangerous. There are many hazards in shallow lake Erie.

On all the lakes fog or snow can and frequently do reduce visibility. In bad weather ships are required to give many signals. Foreign shipmasters persistently give the wrong signals, not being familiar with the inland shipping rules. One foreign master, on a voyage from Toronto to Kingston early in May, 1958, admitted that he did not even have a copy of the inland rules in his possession. He, however, had been wise enough to take on a pilot at Toronto (contrary to the instructions of the federation) and was able to proceed to Kingston in heavy fog without mishap.

I understand that the departmental officials are ready to go into consultation with their United States counterparts to thresh out legislation which I understand the government is considering bringing in next session, and which one would understand the United States congress would pass some time next year. Their session starts in January. Probably it would become law by the middle of next summer. In other words, in the next few months there is to be a threshing out of this whole problem on an interdepartmental basis between Canada and United States officials.

I should like to suggest to the minister that in these discussions his officials take a bit more broadminded look at the proposals the Americans have than he seems to have indicated in his reply in committee. I sincerely believe that the arguments of the pilots' association, as far as security and safety are concerned, are extremely important. The arguments that he put so strongly and the propaganda the ship owners put so strongly, namely this whole idea of "featherbunking" and "we are not having the United States union dictate our set-up in Canada", I think are rather emotional arguments that are advanced by people who do not have a very sound position.

I should like the minister to look into the matter personally just in order to see how powerful a factor the pilotage costs are in the total cost of materials being moved on this great lakes seaway. I should like to have some idea in terms both of percentage of the cost and also percentage of the cost in relation to wages that are paid on the ships that are moving the material.

In conclusion on this particular point may I say this. The United States coastguard has a rather remarkable reputation that has been improving, I would say, until it stands in many Americans' minds almost on a par with their practically worshipped United States marines. I do not know whether the United States coastguard is entitled to the high reputation it has, but if there is any merit at all in this high reputation then there must be a great deal of merit in the

proposals which have been made and which were embodied in that United States bill which our government has blocked. I would like the discussions to take place with a recognition on the part of this government that these men are not fools and that they do not resent this legislation which is nothing more than the backing up of the pettifogging of some United States unions, but that there is much more to it than that.

Mr. Smith (Calgary South): As I do not wish to prolong this discussion, I will omit the usual congratulations to the minister because I will congratulate him at a later date. I just wish to introduce a subject which is not a matter with which he is altogether unfamiliar and this also applies to his deputy minister. Rather than going over the same old ground again, I hope to present a solution to what has become a most difficult problem, not for any particular region but for the whole of Canada.

I refer to what we normally call the bilateral agreement between Canada and the United States on air transportation routes. Until recently we have been one of those countries interested in the opening of bilateral negotiations but we now find ourselves in a position, particularly with respect to the United States of America, which involves matters which are the concern of the Department of Citizenship and Immigration and the Department of External Affairs. Until the past few months it did look as though Canada and the United States were going to be able to sit down at something less than a summit conference to discuss how the international agreement has been affected by changed circumstances since it was amended in 1951 and the fact that there are areas in both countries which are not receiving the type of services which the various communities involved require.

As an example, in the city from which I come there is absolutely no north-south connection and we know that various congressmen and senators in the United States have been more than interested in seeing that a particular airline should be granted rights by the United States administration to land in Calgary but that we have run up against an impasse. This impasse does not constitute something peculiar to the present administration because it dates back almost 10 years, but neither government has been able to move ahead in connection with this agreement because of certain differences between them.

This is the past history and today we find ourselves in the situation where the United States, just as recently as a month ago, indicated they were prepared to re-negotiate the bilateral agreement between the two countries which we had hoped would eventually lead to better and a greater number of routes for both countries. We now find that there is an objection raised by the United States with respect to the landing of transports carrying immigrants from Europe to Canada and this objection has prevented the discussion of the agreement at the top level.

I want to suggest to the minister a solution. First of all, in the event that the United States continues to insist that this question of immigrants should hold up the discussion of the bilateral agreement, I suggest this is a matter which could be referred to the cabinet committees recently set up by Prime Minister Diefenbaker and President Eisenhower or, failing that, that the subject matter could be discussed by the proposed committee to be established between the legislatures of the two countries. I am suggesting that the question of immigration and where these immigrants are to be picked up and whether or not they are to first land in the United States and from there journey to Canada, is not a matter which should affect an international air agreement such as this one. I say this particularly in view of the fact that this agreement can help to a very large extent to develop air routes between the two countries.

If that suggestion is not acceptable I believe that if the United States and Canada still cannot come to any agreement because of this problem then it is in the interests of Canada to permit unilateral discussions to take place. I believe that it does not perhaps require a formal agreement between our countries, but perhaps could be dealt with on a purely limited basis involving, for instance, an amendment to the charter to provide Canada with landing rights for a particular airline which I have mentioned, so that it may utilize the facilities in the city of Calgary which, as I have said, is completely without a north-south connection. I realize that this presents difficulties and I have now reduced it to a local rather than a national problem, but I am sure that those who have travelled across Canada will agree with me when I say that when one considers any Canadian city having a population of over a quarter of a million people, when one considers our citizens are not permitted the advantage of a direct route for flights to the United States, when one considers the centre of the petroleum industry which has one company alone making 235 flights a year for which it must operate its own airline, he has to realize the urgency which, although admittedly it has existed for six years, is becoming more extreme every day.

I am not speaking of any particular government but refer to the governments of

both countries when I say it is time we should stop hiding behind what has really become a technicality which is preventing us from carrying on these discussions. When I have broached the subject to the minister or to his deputy I have received nothing but courtesy, but I am reaching the point where I believe the discussions are going to have to take place. These considerations preventing us from re-opening negotiations on this bilateral agreement must be dealt with entirely separately and the question of immigration particularly should be considered on its own merits. I do hope the minister will find an opportunity to reply to this suggestion.

Mr. McMillan: Living as I do at the top of the Niagara escarpment at the site of the twin locks of the Welland ship canal, I have had more to do with the Department of Transport than with any other department of government. Like the hon. member for Laurier I congratulate the minister on his appointment to one of the most important, and I think the most interesting, government portfolios, and I would also pay tribute to the officers and employees in his department who have always given to me and to my problems every consideration.

I think the minister is doing a very good job and I have never thought he was overstaffed except perhaps at one time, and that was during last March, when I thought at least in my area there were more employees on the Welland canal, or there seemed to be more employees there, than there were shovels or tools for them to use. However, that situation was soon corrected and I hope the minister will still take the same keen interest in the number of unemployed in my area as he showed at that time.

The ministers of transport have always taken great interest in the Welland ship canal. At the time of my first election the hon. member for Laurier, who was then minister of transport, came to my constituency and later the Hon. Mr. Marler was down there and at the last election the present minister showed up there.

Mr. Chevrier: But not for the same reason.

Mr. McMillan: Not for exactly the same reasons, at any rate. Some of his supporters told me that the present minister had a smile on his face when he told the people in Welland that they should elect a Conservative because the Conservatives always looked after their constituents better than did the Liberals—

Some hon. Members: Hear, hear!

Mr. McMillan: —and always paid more attention to everything that was going on in the house.

I would think that probably this is an invitation to members on this side at least to go over his estimates with a fine tooth comb on this particularly occasion and to give his department more than just passing attention. He also told an audience in Welland that if they would only elect a Tory candidate that he would tell him when he came here what he would do about the overhead crossings across the Welland canal. I know the minister is honest, and that he had no plans about the crossings over the canal, because on the orders of the day I have asked him about them since and he has admitted that he has had no communications from the minister of highways of Ontario about building bridges over the canal. When Premier Frost announced the planning of the construction of three toll bridges across the canal the minister seemed to be just as surprised as I was at that particular time. I hope the minister will not further try to dispense with me in this parliament. I have not much to say and very little criticism to make of his department.

I regret indeed to see the Department of Transport handing over the operation of the canal to the St. Lawrence seaway authority. These canals have always been operated with efficiency by the Department of Transport and I know that the employees of the Welland ship canal at least will not hail these changes with any degree of satisfaction. I hope that these efficient, trustworthy and loyal employees will be remembered and that they will continue to have their seniority and pension rights.

In connection with the approaches to the canal crossings at Welland, Port Colborne and other centres of population there is much annoyance and inconvenience caused by the holding up of traffic. This applies also on the Queen Elizabeth way. I hope the minister will give every co-operation to the department of highways of Ontario with respect to the problem of the congestion at these bridges and their approaches.

The agreement between this government and the municipalities of St. Catharines, Merritton and Thorold regarding the old Welland canal rehabilitation and clean-up has been finalized and I would like to ask the minister when this work will get under way. There are a good many unemployed in this area, and if the minister would only co-operate I could send him many men to help along with this work.

The hon. member for Port Arthur brought up the question of the dispute between the shipping federation of Canada and the great lakes pilots association over the use of pilots on ocean-going boats in our great lakes system. I have received many letters from people interested in this and I was glad to

hear the minister say he would send somebody down to contact the pilots and other people who are interested. I note that the department has no present authority to require pilots on boats on the great lakes system and that it has informed the shipping federation that it could arrange, or had the right to arrange, for pilotage on its own behalf for ships of its members in the area from Port Weller to Sarnia. There was one statement that the department did not want to give the impression that this was a scheme approved by the department.

I should like to ask the minister if he has evolved any scheme to deal with this. I should also like to ask him if in his own words of July 1st it is his conviction and the conviction of the department that to impose pilotage fees upon shippers where pilots are not necessary—and I take it he thinks they are not necessary in the open lakes—amounts to imposing an extra and unnecessary burden on shipping charges generally which must be borne eventually by the consuming public. I should like to ask the minister, also, if the masters who are piloting ships of the shipping federation of Canada from Port Weller to Sarnia and back are fully qualified. I should further like to ask the minister if the communication system belonging to the Department of Transport on the Welland ship canal is being utilized by the ships to contact pilots other than those belonging to the great lakes pilots association.

The pilots of this association are well trained and responsible men and I understand that they hold certificates from the Department of Transport. I should like to see the Department of Transport try to compose the differences between these pilots, their association and the foreign ships.

I hope the department can arrange some satisfactory agreement because these men are well trained. They are experts and they have been off work most of the summer. I suppose we may expect some legislation at the next session of parliament if similar legislation goes through congress and I can say here that the pilots themselves think that this government is taking the side of the shipping federation of Canada. I do not know whether that is so or not; I am just saying that that is their impression.

There are two other questions I should like to ask the minister at this time. Will the St. Lawrence seaway and the Welland ship canal be turned over to the St. Lawrence seaway authority by order in council, and has any action been taken in this regard. I should also like to ask a question in connection with tolls. I notice that the hon. member for Lincoln brought up the matter of tolls and said he was against tolls on the Welland canal. I have often spoken in this house on the same subject, expressing myself against tolls on the Welland ship canal. However, it seems likely that tolls will be applied. That is the last information I have been able to obtain. In these circumstances I should like to know if these tolls will be applied by order in council or if they will be brought before parliament so that we may have a chance to discuss them next year before the opening of navigation.

Mr. Chambers: Mr. Chairman, I should like to join other hon. members who have offered congratulations to the minister on the efficiency of his department and on the very fair attitude which his officials have taken with regard to questions of local interest which are brought before him.

I should like to say a few words this afternoon on the subject of some of the facilities maintained by the department in the Montreal area. I was very happy to hear the minister's statement this morning with regard to air conditioning at Montreal airport in reply to a question by the hon. member for Cartier. The minister will remember that I, along with others, spoke to him privately about this matter, and we are very glad to hear that further consideration is to be given to it. Of course, we hope that results will be favourable for the airport.

The Montreal research council, which is a body sponsored by McGill University, has made a very thorough investigation and brought out a report concerning the impact of the St. Lawrence seaway on the Montreal area. I am sure the minister and his officials have received copies of this report and no doubt have studied the recommendations made but I should like to place some of the recommendations on the record at this time because with the opening of the seaway which is imminent will come a time of crisis for the port of Montreal. Since Canada became an active trading nation the port of Montreal has been the most important port in the country and the effect of the seaway on this port will depend to a large extent on how well plans have been laid by the federal, provincial and civic governments. I do not wish to dwell at great length on the detail of how these recommendations were arrived at but I should like to emphasize to hon. members that the group that made the investigation was a large one and took a considerable amount of time in conducting the study. The recommendations of that body are well worth consideration by the department where they apply to the federal government.

I should like first to read from some of the general conclusions contained in the report:

> Stripped of qualifications and refinements, this study suggests that the seaway is likely to confer substantial economic benefits on the Montreal area's traffic in grain, coal and iron ore; that little or no change is to be expected in the volume of local petroleum traffic; that the port may well incur significant losses in general cargo business handled; and that the seaway stimulus to industrial location in Montreal is not likely to be of major proportions. In short, the local pattern for the future is a mixed one, precluding any simple estimate of net seaway effect.

It is pointed out in the paragraph above that there is an expectation of increased grain traffic and the department has already instituted some of the improvements in the grain facilities in Montreal that will be required. I should like now to turn to the subject of ore. The section on ore contains the following conclusion:

> The post-seaway outlook presents difficulties, however. Any substantial rise in local tonnage of imported ore will be contingent, to a considerable extent, on the expansion of Montreal's handling facilities. While existing dock space, water depth and storage capacity are generally quite adequate for future needs, this is not so in the case of the rate of discharge. And the problem here will be further accentuated when transshipment is made directly into upper lakers with a carrying capacity roughly equal to that of the ocean ore vessels. In short, the greatest priority attaches to those improvements which will increase the speed of turn-round of bulk carriers in Montreal harbour.

As I mentioned when reading the general conclusions, general cargo is the field in which Montreal must expect to lose. General cargo, of course, is that part of the port business that provides the greatest proportion of employment. The amount of general cargo we will lose will be dependent on the facilities available in the harbour. I should like to quote the conclusion contained in the report in regard to general cargo facilities:

> In common with most established ports, however, the bulk of Montreal's facilities were constructed many years ago, and consequently, under present-day conditions, considerable strain on these facilities is apparent. The trucking industry, for example, complains of serious traffic congestion on the harbour front, and of antiquated transit sheds which do not permit the most efficient handling of goods.

And further:

> It should be added that improvement of these general cargo facilities is currently under way in Montreal. For example, the federal government is building four transit sheds which will extend the port's shed floor area by nearly 300,000 square feet. However, there would appear to be a substantial need for further expansion and improvement of general cargo facilities in the Montreal area.

In common with other hon. members of the committee from the Montreal area I am extremely concerned that everything possible be done so that in those areas where Montreal may expect to be hurt by the opening of the seaway the impact shall be as minor as possible and therefore I wanted to read these recommendations into the record for the consideration of the minister and his officials.

I should like to add an additional thought in connection with traffic in the area of the Montreal harbour which is a very congested area. With the developing trend of shipping by truck rather than by railroad the port will be at a great disadvantage if there is not a great improvement in the traffic situation in and around the harbour so that trucking firms will be willing at reasonable rates to take on cargo from shipping in the harbour. I realize that for the most part this problem is a civic one. Nevertheless there is a considerable mileage of roads in that area under the jurisdiction of the Department of Transport. The suggestion has been made that a through-way established along the harbour front which would in part pass over the national harbours' board property would be of great advantage. I hope that in consultation with the civic authorities there the department will give sympathetic consideration to co-operation both with regard to allowing use of the department's land and with regard to financing with a view to providing a modern highway system in that area so that not only private cars but more particularly trucking facilities can get in and out of the harbour area quickly and with a minimum of delay.

(Translation):

Mr. Rouleau: Mr. Chairman, on August 15 last, following a report which appeared in the *Star* of August 13 and another report which appeared on August 14, I directed a question to the Minister of Transport (Mr. Hees) as to whether air conditioning would be provided at the new Dorval airport. I was very glad to hear the hon. minister this morning inform the hon. member for Cartier (Mr. Crestohl) that he would take into serious consideration the representations made and that he would soon make another statement in the house, which, if I understood him well, would satisfy everybody. I am very happy to see that the minister has decided to reconsider his decision and I sincerely hope that he will see fit to go ahead with and put in air conditioning in that important building.

Now, Mr. Chairman, I come to another subject with which I have often dealt in this house, that is the provision of adequate protection at level crossings throughout the country.

On June 28, 1955, parliament enacted an amendment to the Railway Act to allow the

federal government to contribute 60 per cent of the cost of construction of adequate protection at level crossings, up to a maximum of $300,000. This year the federal government has decided to amend again this act and raise its contribution to 80 per cent, up to a maximum of $500,000. It is another step in the right direction.

When we think of the number of lives lost throughout the country because of inadequate protection at level crossings, we realize that the expenses necessary to ensure adequate protection at such crossings are insignificant. Taking into account the number of lives lost and the money spent each year to protect human lives, prevent accidents and safeguard the health of Canadians, I believe that the amounts spent for the protection of people at level crossings are not wasted.

If we think also about the difficult situation in which the municipalities have found themselves these last years on account of the expenses they incurred in connection with level crossings, we must realize that the federal government, as well as the provincial governments, must do something to help them.

Both during the last electoral campaign and the preceding one, a promise was made that the federal, provincial and municipal authorities would be brought into a conference with a view to helping our municipalities. That is another promise which the Conservative government has not yet fulfilled. However, the fact that this government intends to help the municipalities by paying 80 per cent of the cost of construction of means of protection at level crossings is something that will help the municipalities.

Following my election as member for Dollard and during the first session, I had the opportunity of pointing out here that there were in the constituency of Dollard, and more particularly in Ville St. Laurent, several railway crossings about which the federal government should do something in order to protect human lives. In some cases, I met with some success. I shall mention only one, because during the last election campaign, the official Conservative candidate in the constituency of Dollard, his worship mayor Cousineau—and I hope this will not be too displeasing to the hon. member for Joliette-L'Assomption-Montcalm, Mr. Pigeon—had promised, in his electoral program, as published in the newspaper *l'Écho de Dollard*:

My dear friends,

The day of reckoning is at hand. It will then be time to decide who is going to represent us in Ottawa, in the forthcoming administration.

[Mr. Rouleau.]

Briefly, I would favour, in addition to the articles of my party's platform, the following measures:

Among other things, Mr. Cousineau said:

Adequate protection at railway crossings in the constituency of Dollard.

Well, Mr. Chairman, I did not wait for the mayor of Ville St. Laurent, the Conservative candidate in the constituency of Dollard, to serve the people of my constituency and more particularly that of Ville St. Laurent. As I said a moment ago, at my first session here, I made representations to the then minister of transport, Mr. Chevrier, now member for Laurier, and in some cases I obtained the protection I was asking in regard to railway crossings.

In fact, on March 1, 1956, I received a letter from Mr. Henri A. Dore, chairman of the Property Owners' Association of Northeastern St. Laurent, in which he thanked me for the work I had done in order to obtain what I had asked, and I will quote only one passage:

Dear Sir,

The automatic signals at the railway crossing of Cote Vertu, in Ville St. Laurent, have been in operation since February 6 last, as you had forecast in your last letter.

Well, Mr. Chairman, it is certainly not the Conservative candidate who was running in the last election, who obtained that protection at the Cote Vertu railway crossing; in fact, it was done even before he decided to be a parliamentary candidate.

Mr. Pigeon: If Mr. Cousineau had been elected, he would—

(Text):

Mr. Rouleau: Mr. Chairman, would you be kind enough to have the hon. gentleman keep his mouth shut? I know he likes to talk a great deal.

The Acting Chairman (Mr. Chown): Order. If the hon. member wishes to ask a question he can address his request to the member who has the floor. If that member consents to answer such a question the hon. member may go ahead and do so, but I do not think other interruptions should be made while the hon. member for Dollard has the floor.

(Translation):

Mr. Rouleau: Mr. Chairman, the hon. member who has just interjected likes to rise all the time when others are speaking. I strongly suggest to him to speak after the others are through. I know how fond he is of taking the floor and we on this side, like hearing him; we, on the opposition side, are not the

ones who will make trouble for him; his colleagues on the government side will take care of that.

Mr. Chairman, on several occasions I urged in this house the construction of an underpass on Decarie boulevard at the C.N.R. crossing, in Ville St. Laurent. Once again, I did not wait for any pressure from his worship mayor Cousineau, Conservative candidate at the last election, to make representations in this house to the then minister of transport (Mr. Chevrier) and, later on, to the hon. George Marler. This is confirmed by the fact that, on August 13, 1956, the present Postmaster General (Mr. Hamilton), then private member for Notre Dame de Grace, said, following representations I had made:

(Text):

Let me turn now to a few events of local interest in Montreal. I should like to join my voice to that of the hon. member for Dollard, when he gets around to it, in suggesting that there be an underpass constructed, and that very shortly, on Decarie boulevard north.

(Translation):

This is another proof, Mr. Chairman, that I did not wait until his worship, mayor Cousineau, who was Conservative candidate during the last election, would urge me to make some representations in this house and to the Board of Transport Commissioners. I constantly gave adequate attention to all railway crossings in Ville St. Laurent and, as I said, I particularly dealt with the underpass on Decarie boulevard, because I know that the city of St. Laurent alone would not have the necessary means to undertake such a project which would cost $600,000. Thanks to the steps we took on various occasions, we obtained in very clear terms the department's consent to build this underpass, and I know that the Board of Transport Commissioners are ready to issue an order in the matter.

The Board of Transport Commissioners, like the C.N.R., are ready to proceed with this underpass.

On February 12, 1957, the Board of Trans- the interested parties on the building of this port Commissioners met in Montreal to hear underpass. The town of St. Laurent, the Canadian National Railway, the Bell Telephone Company and the Montreal Transportation Commission were present at that meeting. All parties concerned were in favour of the project.

Mr. MacDougall, representing the Canadian National Railways, said, as can be read on page 452 of the record of that investigation, and I quote:

(Text):

We are anxious to do anything we can to accommodate the board and our friends in the city of St. Laurent. We have no wish to be obstructionists in the matter in any way at all.

(Translation):

On the other hand, Mr. Letourneau, representing the Montreal Transportation Commission, said, as can be seen on page 449 of the same report the following words:

(Text):

—we will do our utmost to help the board in every way we can or it can be suggested to us.

(Translation):

So as to implement the project under consideration. However, the same Mr. Letourneau, representing Montreal Transportation Commission, pointed out, as can be read on page 448 of the report:

(Text):

—but I am just wondering whether the town of St. Laurent can do that there because that is our private property. That street belongs to us. That is not public property but it belongs to us. We merely gave a right of servitude to the town of St. Laurent.

(Translation):

While the commissioners were ready to hear the case, the authorities of Ville St. Laurent found that the street on which it was proposed to build the underpass did not belong to the town but to the Montreal Transportation Commission. And to conclude the investigation, the chairman of the commission, at the time of the investigation, asked the parties concerned, that is the town of Ville St. Laurent and Montreal Transportation Commission to come to an agreement before proceeding, so as to allow the building of an underpass on Decarie boulevard at Ville St. Laurent.

But what happened then? The Board of Transport Commissioners of Canada and the Canadian National Railways were both anxious to go ahead with the project. They wrote on several occasions to the lawyer representing the authorities of Ville St. Laurent. They even wrote to his worship the mayor, Conservative candidate during the last election, asking him whether an attempt had been made to reach an agreement with the Montreal Transportation Commission, before a start could be made on the construction of that underpass on Decarie boulevard, which is urgently needed because of the great number of accidents which happened there.

Well, following the investigation made in Montreal, considerable correspondence was exchanged between the authorities concerned. I will quote but a few passages of that correspondence to show that, if that project has

not been completed, it is the fault of mayor Cousineau who, during the last election campaign, promised that the matter of the underpass would at last be settled, although I had been working on it since 1953.

On May 17, 1957, the Board of Transport Commissioners of Canada through its secretary, Mr. Rump, wrote to the solicitors of the municipality of St. Laurent.

Mr. Chairman, I am sorry I do not have this information here, but in that letter Mr. Rump asked the municipal authorities of St. Laurent whether an agreement had been reached between the Montreal Transportation Commission and the municipality of St. Laurent. The Board of Transport Commissioners of Canada received no answer to that letter.

Well, Mr. Chairman, I just found that letter, and another paragraph reads as follows:

During the discussion, the Montreal Tramways Company contended that they owned the street on which the petitioner—

That is the city of St. Laurent—

—plans to build a tunnel with easement allowing for the use of the street.

The case was then adjourned to allow the petitioner and the Montreal Tramways Company to reach an agreement as to property rights to the street—

Farther down, it reads:

The board now wishes to be informed of the progress concerning the matter involved, that is the matter of property rights to the land where it is planned to build the tunnel, or, in case an agreement has not been reached, what is the intention of the petitioner.

—that is the city of St. Laurent—

—concerning the expropriation procedure against the Montreal Tramways Company.

This case is still pending before the board, and it is desired to reach a final decision.

In a note sent to the secretary of the Board of Transport Commissioners of Canada, the chief engineer of the board, on December 16, 1957, said the following:

(Text):

It is evident from the C.N.R.'s letter of December 11 that they are anxious to proceed with the construction of a grade separation at the Decarie boulevard, but it is also evident that the town of St. Laurent is not moving fast on this proposal.

(Translation):

On February 17, 1958, Mr. MacDougall, representing the Canadian National Railways, addressed the following letter to the secretary of the Board of Transport Commissioners, Mr. Rump, and I quote:

(Text):

On December 11 last I wrote to you inquiring as to the reasons why the city of St. Laurent and the Montreal transport commission are taking so long to review the plans of the Decarie boulevard grade separation which I sent to them on October 28 last. We have not heard from either the city or the commision since that time.

[Mr. Rouleau.]

(Translation):

And later on, Mr. MacDougall added:

(Text):

With the approach of the spring construction season we feel that this matter, now that it has been raised by the city, should not be left to drag along but should be proceeded with to a conclusion. We have told the board that we are quite prepared to bear our fair share of the cost of this matter,—

(Translation):

On February 26, 1958, Mr. Rump, secretary of the Board of Transport Commissioners of Canada, wrote again to the solicitors of the city of St. Laurent. This is what he said:

The board wants me to ask you whether you are now in a position to let us know if the municipality of Ville St. Laurent has made representations on this matter.

Plans for the proposed tunel on Decarie boulevard, prepared by the Canadian National Railways, as well as estimates of the cost of that tunnel, were forwarded to you on October 28, 1957. It seems that the municipality has had ample time to study those plans and to make its comments known to the board.

And on March 27, 1958, the secretary of the Board of Transport Commissioners of Canada wrote again, this time to the mayor of Ville St. Laurent, Mr. Maurice Cousineau. Here is this letter, in full:

This case was heard at a commission hearing and the commission believes that the matter should be pursued to the point where an order could be given authorizing the construction of grade separations.

Therefore, the commission would appreciate any comments from your municipality in answer to its letters of May 17, 1957, and February 26, 1958, forwarded to the city solicitors. Herewith copy of those letters.

The Railway Act may be amended shortly in order to increase the appropriations of the level crossings fund up to a maximum of $15,000,000. When the act has been amended, the contributions from the fund will probably be higher.

Therefore, if the city gives its approval, the commission would be willing to consider issuing an order to authorize the construction of grade separations, the matters of costs allotment and payment of a subsidy from the level crossings fund being postponed to some later date, that is until the anticipated amendment has taken effect.

The commission would therefore appreciate any comments from the city of St. Laurent on this subject as soon as possible.

And now, on May 2, 1958, Mr. MacDougall wrote another letter to Mr. Rump, secretary of the Board of Transport Commissioners of Canada. He said, among other things:

(Text):

Canadian National . . . would advise that we have no objection to the issuance of the order authorizing construction, reserving the question of apportionment of costs and the grant from the fund for future decision by the board.

A copy of this letter is being sent to the city of St. Laurent and the Montreal transportation commission.

(Translation):

Finally, on May 2, 1958, his worship, mayor Maurice Cousineau, Conservative candidate in the constituency of Dollard at the last federal election, decided at last to ask the secretary of the municipality, Mr. Lucien Toupin, to write to the Board of Transport Commissioners. I quote from the letter sent to Mr. Rump, secretary of the Board:

Dear Sir:

Following your letter addressed to his worship, mayor Maurice Cousineau, C.R., on March 27, 1958, the council, at its committee meeting on April 30, 1958, directed me to send you the following information:

1. The council approves the revised plans of the Canadian National Railways dated October 7, 1957, which provide for a clearance of at least 30 feet between the two concrete structures, as well as the estimates to the amount of $412,900.

2. The city of St. Laurent could not agree with the Montreal Transportation Commission which owns part of the street on that site. The M.T.C. will consent to the building of a tunnel only if the city of St. Laurent assumes the cost of replacing streetcars by buses. Together with the city of Montreal, the Metropolitan Commission of Montreal and Mount Royal, we are urging the M.T.C. to remove its car lines as soon as possible. According to the original plan the change was to have taken place only in 1960. Everything your commissioners could do in this respect would be greatly appreciated by the council of the city of St. Laurent.

One thing the mayor of Ville St. Laurent does not seem to know is that the federal government cannot interfere in municipal affairs, but that it is up to the city council to approach the Montreal Transportation Commission in order to settle the differences between this commission and the city of St. Laurent. As to the statement that the municipality of St. Laurent has communicated with the Montreal Transportation Commission, Mr. Letourneau, one of the commissioners, took it upon himself to answer in the following manner:

I have had no news from them since my letter of May 27, 1957. Under the circumstances, I cannot understand the contents of the second paragraph of the letter written by the council of Ville St. Laurent to the Transportation Commission on May 2, 1952.

In the third paragraph of his letter the clerk of the city of St. Laurent says the following:

The cost of that tunnel would be about $612,900, counting $412,900 for the structure, according to the estimates of the Canadian National Railways, and another amount of $200,000 for damages to property and changes to be made in public utilities (sewers, water mains, telephone, electricity, gas, etc.). Since the Canadian National Railways agree to pay only 15 per cent of the cost of the structure and your Commission 60 per cent, there would remain for Ville St. Laurent to pay approximately $303,225, which is much to high.

Fourthly, Ville St. Laurent would be prepared to contribute toward the construction of that tunnel a minimum of 20 per cent of the total cost which is estimated at $612,900.

Well, Mr. Chairman, I should like to call the Minister of Transport's attention to this last paragraph of the letter from the municipal authorities of Ville St. Laurent, in which they say that they are prepared to pay 20 per cent of the total cost of the construction which is estimated at $612,900.

I do hope that the minister will again consider this question which is of great importance not only for the residents of Ville St. Laurent and the constituency of Dollard, but also to the residents of Montreal island, who use that railway when they go out vacationing in the Laurentians.

I wanted to make this clear in so far as what went on between the Montreal Transportation Commission, the municipal authorities of Ville St. Laurent and the Board of Transport Commissioners.

During the last election campaign, Mr. Maurice Cousineau acted in bad faith,—so far as we can make out from the record,—in order to mislead the people. He attempted to make them believe that I had done nothing to settle that important problem. Now, you can well realize, in the light of that correspondence as well as of the debates of the house, that I did everything possible to settle that question. If it is not yet settled, if the underpass has not been built, whose responsibility is it? It is no fault of the member for Dollard, or of the Board of Transport Commissioners or of the federal government, which are both prepared to do their part. The one responsible for this situation is none other than the mayor of Ville St. Laurent, Mr. Maurice Cousineau.

(Text):

Mr. Morris: Mr. Chairman, hon. members of this house will recall that throughout the single session of the 23rd parliament a resolution dealing with the greater use of Canadian ports stood in my name on the order paper of the house. It was repeated on the order paper again during this session and had reached that unlovely spot of heading the list when this house, in its wisdom, decided to forego further private members' resolutions for the balance of this session. During the debate in this house at the time we abandoned private members' resolutions the house leader assured us that I would have the opportunity to raise the matter during consideration of the estimates of the Department of Transport.

This is, Mr. Chairman, not exactly the kind of debate that I should like to have, inasmuch as hon. members representing constituencies surrounding or adjacent to ports of the national harbours board in other parts of Canada had indicated to me that they would

warmly support the resolution which stood in my name. I am therefore hopeful, Mr. Chairman, that an opportunity will present itself at the next session of parliament for a fuller consideration of what we believe to be an important resolution. In the circumstance in which my resolution has been on the order paper for two sessions and had reached the head of the list, I wish now to speak for only a few minutes.

In consequence of the circumstances surrounding the abandonment of my resolution again this session I ask, Mr. Chairman, whether the committee will give unanimous consent to have printed in *Hansard* two tables prepared by the traffic branch of the national harbours board which I intended to use for purposes of debate on the resolution which was to have been supported by the hon. member for Saint John-Albert and others. These two tables I wish to have printed in *Hansard* with the consent of the committee so that hon. members might, during the interval between this session and the next session, contemplate the problem which attracted our attention. I shall be grateful if I may have the unanimous consent of the committee, Mr. Chairman, for the reproduction in *Hansard* of these two charts, one of them dealing with exports of 19 selected groups of products to overseas countries via United States and Canadian ports, and the second dealing with total exports and imports through other than Canadian ports.

Some hon. Members: Agreed.

The Acting Chairman (Mr. Chown): Order. Has the hon. member the unanimous consent of the house to have these two tables printed in *Hansard*?

Mr. Herridge: How many pages of *Hansard* will these tables take?

Mr. Morris: I should think about two pages; a double fold and perhaps part of a single one.

The Acting Chairman (Mr. Chown): Is it agreed?

Some hon. Members: Agreed.

Mr. Morris: The tables are as follows:

EXPORTS OF CANADIAN PRODUCE TO OVERSEAS COUNTRIES VIA THE UNITED STATES AND VIA CANADIAN PORTS

Commodity	Via	Unit	1954 Quantity or value	1954 %	1955 Quantity or value	1955 %	1956 Quantity or value	1956 %	1957 Quantity or value	1957 %
Flour of Wheat	U.S. Ports	Brl.	1,143,286	11.5	975,040	11.6	800,385	9.7	611,203	8.5
	Canadian Ports		8,832,616	88.5	7,422,433	88.4	7,485,391	90.3	6,621,119	91.5
	TOTAL		9,975,902	100.0	8,397,473	100.0	8,285,776	100.0	7,232,322	100.0
Whiskey	U.S. Ports	Pf. Gal.	292,230	32.4	340,669	37.8	297,283	36.1	229,183	26.6
	Canadian Ports		608,786	67.6	560,445	62.2	525,936	63.9	633,396	73.4
	TOTAL		901,016	100.0	901,114	100.0	823,219	100.0	862,579	100.0
Vegetable Oils	U.S. Ports	Gals.	—	—	509,913	10.4	334,893	5.5	280,801	4.4
	Canadian Ports		—	—	4,387,296	89.6	5,781,720	94.5	6,083,955	95.6
	TOTAL		—	—	4,897,209	100.0	6,116,613	100.0	6,364,756	100.0
Rubber Tires and Inner Tubes	U.S. Ports	No.	255,204	91.4	241,681	92.1	171,206	89.2	157,769	96.0
	Canadian Ports		24,143	8.6	20,749	7.9	20,751	10.8	25,578	14.0
	TOTAL		279,347	100.0	262,430	100.0	191,957	100.0	183,347	100.0
Upper Leather	U.S. Ports	Sq.ft.	5,033,357	53.8	6,122,209	53.6	6,376,342	58.6	7,617,942	56.5
	Canadian Ports		4,317,935	46.2	5,299,921	46.4	4,495,957	41.4	5,866,532	43.5
	TOTAL		9,351,292	100.0	11,422,130	100.0	10,872,299	100.0	13,484,474	100.0
Meats	U.S. Ports		—	—	$1,258,990	21.6	$1,341,854	24.4 Cwt.	41,011	21.4
	Canadian Ports		—	—	$4,569,338	78.4	$4,151,320	75.6 Cwt.	150,868	78.6
	TOTAL		—	—	$5,828,328	100.0	$5,493,174	100.0 Cwt.	191,879	100.0
Milk, processed and milk preparations	U.S. Ports	Cwt.	70,295	21.3	63,702	21.8	59,405	18.1	44,041	19.0
	Canadian Ports		260,380	78.7	228,866	78.2	269,639	81.9	187,711	81.0
	TOTAL		330,675	100.0	292,568	100.0	329,044	100.0	231,752	100.0
Rolling Mill Products, N.O.P.	U.S. Ports	$	—	—	4,752,391	31.1	6,970,299	32.0	7,581,781	25.2
	Canadian Ports		—	—	10,547,934	68.9	14,789,226	68.0	22,467,836	74,8
	TOTAL		—	—	15,300,325	100.0	21,759,525	100.0	30,049,617	100.0
Engines, Boilers, Locomotives and Parts	U.S. Ports	$	—	—	3,750,670	20.5	3,716,181	18.0	11,771,657	61.4
	Canadian Ports		—	—	14,511,201	79.5	16,900,468	82.0	7,399,556	38.6
	TOTAL		—	—	18,261,871	100.0	20,616,649	100.0	19,171,213	100.0
Farm Implements and Machinery	U.S. Ports	$	21,153,405	90.1	10,518,181	83.6	10,064,435	84.7	8,489,951	82.7
	Canadian Ports		2,322,074	9.9	2,068,789	16.4	1,811,873	15.3	1,777,744	17.3
	TOTAL		23,475,479	100.0	12,586,970	100.0	11,876,308	100.0	10,267,695	100.0

EXPORTS OF CANADIAN PRODUCE TO OVERSEAS COUNTRIES VIA THE UNITED STATES AND VIA CANADIAN PORTS—*Concluded*

Commodity	Via	Unit	1954 Quantity or Value	1954 %	1955 Quantity or Value	1955 %	1956 Quantity or Value	1956 %	1957 Quantity or Value	1957 %
Machinery (except agricultural)	U.S. Ports	$	8,998,252	34.3	11,971,235	48.0	11,985,219	42.6	11,747,589	33.6
	Canadian Ports		17,263,100	65.7	12,949,290	52.0	16,151,509	57.4	23,236,047	66.4
	TOTAL		26,261,352	100.0	24,920,525	100.0	28,136,728	100.0	34,983,636	100.0
Automobiles, Freight and Passenger	U.S. Ports	No.	7,818	72.0	10,914	59.7	14,664	77.2	15,843	79.2
	Canadian Ports		3,043	28.0	7,381	40.3	4,340	22.8	4,169	20.8
	TOTAL		10,861	100.0	18,295	100.0	19,004	100.0	20,012	100.0
Automobile Parts	U.S. Ports	$	7,876,772	55.7	9,216,814	48.9	7,857,988	43.0	5,290,493	46.4
	Canadian Ports		6,269,682	44.3	9,612,252	51.1	10,424,143	57.0	6,100,703	53.6
	TOTAL		14,146,544	100.0	18,829,066	100.0	18,282,131	100.0	11,391,196	100.0
Copper Tubing and Wire	U.S. Ports	$	—	—	2,650,747	47.4	3,711,179	53.2	3,174,001	60.0
	Canadian Ports		—	—	2,937,017	52.6	3,260,677	46.8	2,120,564	40.0
	TOTAL		—	—	5,587,764	100.0	6,971,856	100.0	5,294,565	100.0
Nickel	U.S. Ports	Cwt.	103,371	9.8	150,426	13.0	190,212	14.9	172,218	12.5
	Canadian Ports		952,891	90.2	1,003,912	87.0	1,086,683	85.1	1,205,483	87.5
	TOTAL		1,056,262	100.0	1,154,338	100.0	1,276,895	100.0	1,377,701	100.0
Electrical Apparatus	U.S. Ports	$	—	—	6,357,912	48.2	6,272,903	55.1	6,346,783	35.3
	Canadian Ports		—	—	6,839,005	51.8	5,121,816	44.9	11,614,426	64.7
	TOTAL		—	—	13,196,917	100.0	11,394,719	100.0	17,961,209	100.0
Cellulose Products	U.S. Ports	$	—	—	1,608,406	11.9	5,728,574	68.0	5,387,131	46.3
	Canadian Ports		—	—	11,869,389	88.1	2,693,155	32.0	6,256,773	53.7
	TOTAL		—	—	13,477,795	100.0	8,421,729	100.0	11,643,904	100.0
Synthetic Resins and Manufactures	U.S. Ports	$	6,259,303	53.1	5,376,869	38.6	6,613,924	38.6	7,074,438	38.2
	Canadian Ports		5,523,092	46.9	8,562,111	61.4	10,507,831	61.4	11,443,364	61.8
	TOTAL		11,782,395	100.0	13,938,980	100.0	17,121,755	100.0	18,517,802	100.0
Drugs and Chemicals, N.O.P.	U.S. Ports	$	—	—	8,403,082	17.9	8,918,347	16.6	10,994,571	17.3
	Canadian Ports		—	—	38,434,658	82.1	44,878,330	83.4	52,474,814	82.7
	TOTAL		—	—	46,837,740	100.0	53,796,677	100.0	63,469,385	100.0

Traffic Branch,
National Harbours Board,
Ottawa, July 30, 1958.

SOURCE—Dominion Bureau of Statistics,
International Trade Division,
External Trade Section,
Ottawa, Canada.

CANADIAN EXPORTS AND IMPORTS VIA UNITED STATES PORTS

Exports of Canadian Produce to Overseas Countries via the United States—Years 1952-56

Years	Amount to				Percentage to			
	All Countries	United Kingdom	Other Commonwealth Countries	Foreign Countries	All Countries	United Kingdom	Other Commonwealth Countries	Foreign Countries
	$	$	$	$	%	%	%	%
1952	259,469,383	7,268,951	51,922,125	200,278,307	13.01	0.97	19.84	20.30
1953	168,985,791	7,856,426	37,270,581	123,858,784	9.95	1.18	16.04	15.46
1954	136,257,465	7,538,356	30,647,516	98,071,593	8.71	1.15	15.71	13.70
1955	137,380,726	8,576,502	38,108,545	90,695,679	7.98	1.11	16.07	12.67
1956	153,987,820	7,307,000	41,582,186	105,098,634	7.81	0.90	17.10	11.48

Imports for Consumption from Overseas Countries via the United States—Years 1952-56

Years	Amount from				Percentage from			
	All Countries	United Kingdom	Other Commonwealth Countries	Foreign Countries	All Countries	United Kingdom	Other Commonwealth Countries	Foreign Countries
	$	$	$	$	%	%	%	%
1952	81,948,277	61,892	4,021,940	77,864,445	7.78	0.02	2.18	15.30
1953	123,223,719	197,658	3,195,088	119,830,973	10.61	0.04	1.87	22.29
1954	199,053,144	214,281	3,708,247	195,130,616	17.59	0.05	2.04	35.00
1955	212,715,911	242,113	5,786,492	206,687,306	16.88	0.06	2.76	31.80
1956	238,618,777	222,143	6,365,489	232,031,145	15.46	0.05	2.88	27.69

Traffic Branch,
National Harbours Board,
Ottawa, November 28, 1957.

SOURCE—Dominion Bureau of Statistics,
International Trade Division,
External Trade Section,
Ottawa, Canada.

I thank hon. members of the committee for their consideration of this request under the unusual circumstances existing and I shall not detain the minister in the consideration of his estimates for more than a few moments in order to draw attention to the principal items which I should like hon. members to consider before the next session when it would be my hope the resolution might appear again under private members' notices of motion.

Understandably we are most concerned with the impact of the resolution upon eastern Canadian ports. We have some of the finest harbours in North America which are well served by both inland and ocean transportation lines. Particularly the ports of Halifax and Saint John represent the investment of many millions of dollars of federal money. That investment was originally made and has continued to grow in order to provide all Canada with an outlet to the sea from her eastern shores. It is well known that this investment in large part lies fallow during the season of navigation in the St. Lawrence river. We are understandably concerned about the future impact of the St. Lawrence seaway upon our area. It would be ideal if we could find a way to utilize the facilities of the east coast throughout the year. Because of the use of the ports for only a brief period of each year, we feel it is all the more important that the ports on the Atlantic shore should be utilized to the fullest extent during the four or five months of every year in which they are Canada's only ice-free outlets to the Atlantic ocean. But instead of this full utilization, Mr. Chairman, what do we find? We find that vast quantities of cargo are both exported and imported via United States ports. We find that hundreds of millions of dollars in inland transportation charges, in labour costs and in port service charges flow across the border yearly instead of staying in this country where they could contribute to the prosperity of all our people.

We in the Atlantic provinces are disturbed at this tremendous flow of Canadian foreign trade through non-Canadian channels. We do not, however, urge that all such traffic go through Canadian ports. We realize that our neighbours to the south possess some of the finest ports in the world and that, for a number of reasons, some of our traffic probably will always use their installations. However, we insist and urge that companies which derive their prosperity from the Canadian market make a special effort to ship both their import and export requirements through our Canadian ports. We in the Atlantic provinces are realistic enough to realize that patriotic sentiment is not the only or the most important business factor under normal conditions.

I will make one or two suggestions in a moment's time. In the interval I should like to point out the significance of the Atlantic ports to the regional economy of the area. Every ship that enters or leaves any port on the eastern coast of Canada, of course, provides jobs and dollars for our people. This is true also in the United States. Hon. members of the committee may not be aware of the fact that the port of New York authority has estimated that that great port supports one out of four of the 13 million people living in the area. We have no similar statistics relating to Halifax and Saint John but I doubt whether, if we did have them, they would differ greatly from the New York statistics.

Our ports provide a multitude of jobs in a variety of fields. The men who are actively engaged in all sorts of businesses, from those engaged in the handling of cargo such as freight handlers, stevedores, even down to banks and mercantile companies, benefit from port business. We have estimated that in the port of Halifax and the port of Saint John the annual wages of longshoremen, freight handlers, watchmen and checkers alone come to about $10 million. By the economic principle of "free economic generation", by which every dollar earned by these workers generates or creates two dollars of additional income, hon. members will see that this represents at least thirty million very valuable dollars to us.

I should like to ask the members of the committee during the interval, and perhaps before we have an opportunity to discuss the matter in a full day's debate at the next session, whether they would consider, in relation to the tables prepared by the national harbours board which they have kindly consented to have printed in *Hansard*, these possibilities as corrective devices. We believe that the utilization of Canadian ports could be vastly increased. We believe that it may be possible at next month's commonwealth trade talks to suggest to other commonwealth countries whether it would not be possible to implement something paralleling the British preferential tariff to apply to goods brought into Canada from commonwealth countries through Canadian ports. We think that perhaps we might urge commonwealth countries to allow the British preferential tariff only on such of their imports from Canada as have been shipped out via a Canadian port. There is certainly no doubt that the recapture of part of the nearly $400 million a year of Canadian trade passing through United States ports instead of through

Canadian ports would be of tremendous assistance not only to the ports of Halifax and Saint John and their people but to the entire economy of the Atlantic provinces and to that extent to the entire economy of the country.

Mr. Carter: I too, Mr. Chairman, should like to join with all those who have congratulated the minister on his appointment to the office, as this is the first appropriate occasion on which it could be done, and also on this first occasion of the presentation of his estimates before parliament.

I should like to thank the officials of his department for the very fine, sympathetic and courteous manner in which they have listened to all our problems and also for the consideration which has been given to improving the navigational aids and other facilities in my own riding and in my province generally.

Unfortunately, I did not have the privilege of being a member of the committee on railways, canals and telegraph lines, by which committee the minister's estimates were discussed. I am sorry that the pressure of work has made it impossible for me to keep abreast of the evidence so I trust that the minister will bear with me if I raise a few questions as the various items of his estimates come before the committee.

There is probably no department of the federal government which touches the lives of the people of my province more intimately than does the Department of Transport. Newfoundland has seafaring traditions going back over 400 years; we are a seafaring people and a great part of the population spends a large part of their lives on the sea. In Newfoundland more than in any other province, the people are dependent upon the sea, either directly or indirectly, for their living. Furthermore, all of our necessities must be brought in by water because the majority of our population lives on the island of Newfoundland and practically everything we produce must be sold in world markets and therefore must be taken out by water. In no other province do the transportation costs play such a large part in the cost of living as they do in Newfoundland and for that reason we deplore the decline in our mercantile fleet.

There is need for special shipping to take care of the requirements of our province. This is the age of specialization and specialization must certainly be applied to Canadian shipping if we are to keep up with the times and to meet competition from other maritime countries. We need special ships to carry our fish particularly to the West Indies markets. There is a need for a special self-unloading ship to bring coal into our province and this is one way in which the minister and his department could kill three birds with one shot. He could certainly help the shipbuilding industries and the coal mining industry in Nova Scotia and at the same time by lowering the cost of coal help the people of Newfoundland if his department would consider providing assistance for the construction of a self-unloading coal carrier. Then we need small ships of from 200 to 300 tons to distribute our goods from the large centres to the smaller fishing settlements in our province and there is a need for special assistance to encourage the industry to provide these ships. I do hope the minister and his department will give some consideration to this matter.

I would also like the minister to do whatever can be done to remove the restrictions in order to permit the importation of used trawlers for our fishing industry which can be obtained in other countries at a fraction of the price that would have to pay for them in Canada. Either the government must subsidize our own shipbuilding industry or some other means must be found so that these ships which are essential for the development of the fishing industry may be obtained without the outlay of too great a capital expenditure.

At this juncture I should like to say a few words about the Newfoundland railway. The function of any railway is to integrate the economy of the area it serves. In Newfoundland it has two functions because Newfoundland can be divided into three separate economic sectors. There is the Avalon peninsula which is almost an island, as the hon. member for St. John's East pointed out this afternoon; there is the western end of Newfoundland; and, in between, we have the central part of the island. Each of these divisions has a separate economy and one function of the railway is to integrate these separate divisions into a single provincial economy. But since Newfoundland is a part of Canada, the railroad has another function.

Having integrated the three different portions of Newfoundland, it must also integrate the whole province into the economy of Canada. This could and should be done in such a way that no part of Newfoundland would be more than 24 hours away from the mainland. This cannot be done, however, as long as the railway follows its present route no matter how much money the government or the management of the C.N.R. are prepared to spend. I said a moment ago that in no other province do transportation

costs play so large a part in the cost of living as they do in Newfoundland and to support this contention by way of illustration I should like to quote a paragraph from an article which I have just discovered in the Sunday *Herald* dated August 31, 1958. This article speaks about a decision of the A and P chain stores not to set up branches in Newfoundland and it goes on to explain why.

> The A and P officials said that on visiting Newfoundland they discovered that it was almost impossible to ship in perishable goods without the resultant loss being so large as to make the product too expensive to sell. They point out that fresh vegetables, for example, such as tomatoes, lettuce, arrive in their warehouses in Toronto or Montreal one day, and are shipped out direct to their own stores within a matter of 24 hours. In other words, all products are turned over in a 24-48 hour period.
>
> If they were involved in Newfoundland, they pointed out to the Sunday *Herald*, it could be seven days from the time the products were shipped from their Montreal warehouse to the time they were received in St. John's stores, and this delay alone would result in tremendously increased overhead.

That illustrates very clearly the handicap under which the people of Newfoundland have to labour because of the difficulties in their transportation system and it also illustrates the handicap that businessmen must undergo in comparison with their mainland counterparts. Since Newfoundland is an island, everything must go in by water and because we do not have a rail car ferry we are precluded from buying in carload lots. A firm in Halifax can buy a carload of bananas or oranges from Florida and have them shipped almost to the door but a load ordered in Newfoundland has to go to North Sydney where it must be broken down, put on a ship, taken off again, put into another narrow gauge car, transported to its destination and then unloaded again. Moreover, goods brought in from central Canada have to be packaged as though they were intended for export and not only do we have to bear the cost of extra handling but we also have to pay extra packaging costs as well. That is a tremendous handicap and it is one which must some day be removed because it certainly cannot be allowed to continue indefinitely. I realize that this is a long term project because you cannot build a railway overnight. It is probably a 10-year project, but the time to start thinking about it is now, and I hope the minister will begin to give consideration to these matters which I have outlined.

There is one other point to which I want to bring the minister's attention in connection with the adjustment of freight claims for losses incurred on goods being carried by the railroad. As I understand it, if goods which are being carried by rail, or on the ferry across the strait, which is part of the railway, should be lost in transit, any loss or damage that occurs is the subject of compensation by the railways. But the coastal steam service, which is not considered part of the railway, though it serves the same purpose as the railroad for those who are living around the coastline, is operated under a different system and a person to whom goods are consigned cannot enforce any claim should goods be lost in transit. I had a number of cases brought to my attention arising out of an accident in which a motor vessel ran aground in Placentia bay a year ago. As a result of that accident a large quantity of goods was damaged and when people sent in their claims to the claims division of the railway they were told: we cannot pay you anything because these ships are not part of the railway; they are just ordinary water carriers, and this was an act of God and the goods were carried subject to the conditions on the waybill. Therefore you have no claim. As a result, the people who live inland and who are served by the railway line are treated differently from those who live on the coast and who must depend on the coastal service which is the equivalent of the railway service in the coastal areas of Newfoundland. I hope the minister will look into this matter because it is important that the coastal boats should be considered part of the railway service in the same way as the ferry which crosses the gulf is considered to be.

My hon. friend from St. John's East referred to the *William Carson* this afternoon and I hope, as he does, that the minister will give us a full account of the recent trial runs. I hope, also, that he will find it possible to give us an exact breakdown of the cost of this ship, because so many stories have been told about the cost of this vessel that in the interest of telling the public the truth and setting the record straight I think this should be stated. If the minister cannot provide the figures at this moment perhaps he will be able to do so later on this evening, or tomorrow. I should like him to state exactly what the ship costs, what the terminals cost, what the harbour improvements cost and what the operating costs have been. My hon. friend from St. John's indicated that if the trial runs were not too successful this ship might be diverted to the ferry service between the mainland and Argentia.

I do not blame him for trying to get an improved service for his constituency. I would do the same thing if I were in his place. But I must point out to him—and I am sure the minister does not need to be reminded of this—that the terms of union between Newfoundland and Canada expressly stated that this ship was built for service between North

Sydney and Port aux Basques and for nowhere else. The minister and the government are bound by that agreement and by the terms of union to maintain that ship in that service and to see it is not diverted anywhere else.

With regard to Argentia as a terminal, I would disagree with the hon. member for St. John's East that it is suitable for this purpose. Perhaps it is suitable from the standpoint of harbour facilities and from the standpoint of the Canadian National Railways but it is certainly most unsuitable from the standpoint of public convenience because Argentia is a United States naval base. One can enter and leave there only with the permission of the United States authorities. I have personally had the experience many times. When I went to join one of the C.N.R. ships I had to secure a pass to enter through the gateway before I could board the ship. That is not a satisfactory state of affairs from the public standpoint. Furthermore, there is no place at Argentia to erect a waiting room, a snack bar or any kind of facility for people who have to wait either for the ship to arrive or for a train to take them back to St. John's. It may happen that in ten years' time the United States will not be interested in Argentia and perhaps the lease will be cancelled but as long as the lease is in force Argentia is not a suitable place from the public standpoint for a terminal of the C.N.R.

I have one or two minutes left at my disposal and I wish to refer to the reorganization of the department about which the minister spoke in his opening remarks. I could not gather from what he said just how far the reorganization had extended but if it has not already done so I hope it will extend down to the marine districts. It happens that part of the coast of Newfoundland and part or perhaps all of the coast of Labrador come under the agency of Prince Edward Island. That may be convenient for the department from the point of view of administration but it is not a convenient arrangement for the people of Newfoundland. We have our own marine district and that should comprise the whole coastline of Newfoundland.

The minister also referred to a reclassification of lightkeepers' salaries and I am happy to hear him make that announcement. I would urge him to also look into the salaries of assistant lightkeepers and see what could be done about having the latter brought under the civil service commission in the same way as lightkeepers are. At the present time there is a vast inequity between the salaries paid to lightkeepers and their assistants. As I pointed out to the Minister of Labour when the committee was discussing his estimates, the latter are paid on the basis of prevailing rates. I brought this to the attention of the Minister of Labour on August 16 and I would draw the attention of the Minister of Transport to what I said at that time. My remarks can be found at page 3867 of *Hansard* of that date. I do not wish to waste time repeating now what I said on that occasion.

However, I wish to remind the minister that the Department of Transport as well as the hydrographic service is a big sinner in this respect. I understand that the crews of the ships operated by his department at Halifax which do the same work and carry the same responsibility receive 11 per cent less pay than their counterparts in western parts of Quebec. In the interest of equity something should be done about this. As a national employer, I would suggest to the minister that a department of the federal government should follow the principle of equal pay for equal service regardless of where the service is performed. But if that is too wide a principle to adopt then I would point out there should certainly be no discrimination against people in the eastern provinces who do the same work and carry the same responsibility as people elsewhere and who should receive exactly the same pay. I urge the minister to consider the situation and correct these inequities.

Before taking my seat I should like to support the plea of the hon. member for St. John's East for an alternate airport. We all know that at the present time passenger and mail, freight and air cargo are held up for weeks at a time when the existing airport is fogbound. An alternate airport should be constructed in a suitable locality as convenient to St. John's as Torbay. With the increasing volume of freight traffic an alternate airport is necessary in any case. This is looking into the future, too, but I do wish to support the remarks of the hon. member for St. John's East in that respect.

The Chairman: Order. It being five o'clock it is my duty, pursuant to section 53 of standing order 15, to leave the chair in order to permit the house to proceed with the consideration of private and public bills.

PRIVATE BILLS

BOARD OF TRADE OF THE CITY OF TORONTO

Mr. Arthur Maloney (Parkdale): Mr. Speaker, with leave of the house I wonder if I might be given permission to remove from its present location on the list of private bills Bill No. S-17, which is item No. 32 on the list of private bills. It is not contentious or controversial. It is simply an act to enable the board of trade of the city of Toronto to change its name to the metropolitan board of trade of the city of Toronto.

Mr. R. J. McCleave (Halifax): I must oppose that motion, Mr. Speaker.

Mr. Speaker: The hon. member for Parkdale asks for leave to call item No. 32 by unanimous consent. Do I understand the hon. member for Halifax to say he does not consent?

Mr. McCleave: Yes, Mr. Speaker. Regretfully, I oppose the motion.

Mr. Speaker: The hon. member for Parkdale knows that taking this item now can be done only by unanimous consent.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I make an appeal to the hon. member for Halifax in this respect. I believe this matter was discussed briefly with all parties by the hon. member who is sponsoring this bill. Surely there has been ample time to discuss divorce bills in this house and I mean not only during the hour devoted to private bills. The purpose of Bill No. S-17 is simply to change the name of the board of trade of the city of Toronto to that of the metropolitan board of trade of the city of Toronto which is a matter that should take only a few minutes. We on this side of the house would welcome the opportunity to assist the hon. member in presenting his bill.

Mr. Speaker: Apparently the house is agreed, except for the hon. member.

Mr. McCleave: If the house wishes to hear my reason I will be perfectly happy to give it.

Mr. Speaker: I think it is not a matter for debate. If the hon. member does not agree we will have to proceed in the ordinary way.

WILLIAM HARRISON TERRY

The house in committee on Bill No. SD-199, for the relief of William Harrison Terry—Mr. McCleave—Mr. Chown in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: Mr. Chairman, I should like to say something about this case. The bill has already been before the house on previous occasions and was recommitted to the private bills committee for the second time. There was no agreement on the bill in the committee and the division was very close.

This case gives an opportunity to members of parliament to scrutinize very closely what is wrong with the handling of divorces by parliament. In this instance there were five professional witnesses on the one side and on the other side the co-respondent who testified on his own behalf. Members of parliament are going to have to judge whether the five professional witnesses told the truth or whether the co-respondent spoke the truth. On the one hand, the co-respondent said that he definitely could not have been in such and such a place on such and such a date and on the other hand these professional witnesses gave testimony that he was.

Therefore it behooves parliament to make a decision whether these people are going to be allowed to continue to come before parliament and perjure themselves or whether we are going to do something about it. I think we should take a look at just what happens in these cases. The Senate deals with divorce bills first before a committee where a decision is made. The House of Commons has the right, and has exercised it in contested cases on many occasions, to hear the evidence again or part of the evidence or additional evidence. The House of Commons is not an appeal court and does not function as such but exercises its right to examine such bills as it would any other private bill and to go into all the implications.

One of the problems that immediately confronts the House of Commons committee is that it has no power to subpoena witnesses. When a lawyer can come before members of a committee of the House of Commons and say that he will not bring forward such and such a witness, while at the same time we have no right to subpoena witnesses, I think it is very foolish to ask parliament to rule on such cases when parliament has no right to ask for all the evidence. If the committee of the House of Commons is going to be able to act properly then we must have the right that any court has in this type of case, and that certainly involves the fundamental right to subpoena witnesses in order to make sure that the whole story is heard. If the House of Commons is going to continue to operate a divorce mill and wishes to be honest, fair and just in its dealings with the people involved in these cases we are at least going to have to have that right.

There are many other handicaps under which we operate that have been highlighted by the Terry case. We find that the House of Commons can grant a divorce for any reason at all. Adultery does not have to be proved. It does not even have to be intimated that adultery took place. We can grant a divorce if we wish because the husband did not like the looks of his wife or the colour of her hair. The committee is completely within its rights in granting a divorce on such grounds.

On the other hand, apparently certain grounds are set out for the direction of the Senate in the granting of divorces. The Senate committees have been constituted in such a way that they can call witnesses.

The Acting Chairman (Mr. Chown): Order. I think that I must ask the hon. member for Timiskaming to stick to the actual bill under consideration by the committee at this time. It appears to me that in his recent remarks he has been leaving the subject matter of the bill before the house. Would he kindly come back to the bill itself?

Mr. Peters: Mr. Chairman, while my remarks can be construed as being general they are also very pertinent to the Terry case because in that case the committee found that there were certain faults about which they had no power to do anything. The committee checked with the legal advisers of the House of Commons and found that it did not have the right to do the things to which I have referred.

Another factor that arose in this case has to do with the fact that when we hear evidence given on one side directly contradictory to evidence given by the other side we must have the right, which we did not have in this case, to investigate the circumstances surrounding that evidence. In this particular case the co-respondent testified that he assumed he had been in the Pembroke area. He assumed this because he had a gasoline statement indicating that on the day of the night in question he had purchased gasoline in Pembroke. I believe it was the evening of the tenth and the early hours of the morning of the eleventh that were in question. He established that it was his practice to go into an area such as Pembroke and spend two or three days there looking after his business. The man certainly is a very poor bookkeeper but I do not think that enters into the matter. He did have a receipt indicating that he was in the Pembroke area on the tenth and he did not say he did not have one that would indicate that he was there on the eleventh or twelfth.

The question boils down to the fact that his evidence is directly contradictory to the evidence given by the other witnesses in the case. They cannot all be right. Some of them must be wrong. Therefore I say that as a committee we are not functioning properly when we have not the right to send the R.C.M.P. to the Pembroke area to check the motels he may have stayed in—he also produced a motel receipt—and are not in a position to check the validity of his statements and the receipts which he produced. My experience is that when boards composed of laymen have been set up on a pseudo-legal basis they have checked immediately into receipts produced in evidence before them.

When somebody has a signed statement, then that statement is immediately checked. They have photostatic copies made and checked for identification purposes. They have machinery set up that will allow them to function in a proper manner. If the exchequer court had been used to hear these divorce cases, as some hon. members of my party have suggested in the past, then that court would have been able to check into the evidence in a legal manner.

On the other hand, and I think this should be borne in mind, the evidence of private detectives is always in question when given in court. Defence counsel, Mr. McDonald, made a reference to this fact and backed it up with legal references which nobody questioned. I think, therefore, that statement will stand. It was pointed out in those references that these people are paid to do a certain job. We should take a look at the five men who were involved in this case under the direction of legal counsel. Some of them were on the job for nearly six months, and when you consider that these detectives receive $30 a day and expenses you can see that a great deal of money was put into this case. It would appear to me that the lawyer had told these men to either get the evidence or he would put somebody else on the job.

These men made certain statements which I believe should be checked by the R.C.M.P., especially when we consider that their evidence is always in question. A simple example of this was the matter of the driveway. On numerous occasions these detectives said the driveway would hold three automobiles. On the other hand, the defence said that it would hold only two automobiles, three if they were small English cars or if one were a small European sports car. This is a matter which could have been checked very easily. I feel this committee should have had the R.C.M.P. go there and measure the driveway to find out who was lying and who was not.

If we are going to accept evidence on face value, then why do we not recommend to legal counsel that they take their case to the Senate and let them hear the case? They do not care what happens over there, except when defence counsel gets up and says, we are going to contest this. Then, when the case comes to the House of Commons, defence counsel make their pitch. If this is the type of thing with which we are going to have to contend, then it is going to mean we would be well advised to tell the defence lawyer who is coming here to bring any theatrical witness he wants. He can make any statement he wants and can make as big a farce out of this committee as he wishes. Nothing will happen.

We have not any right to commit these people for perjury. It has been said that we can ask the Ontario attorney general to investigate such a matter. According to my information it has happened once before, and the attorney general did exactly what I think he should have done. He said that he did not have time or it was not within his jurisdiction; he used some such method to by-pass it. He would have been very silly to bring a civil case from the province of Quebec into the Ontario courts and to have laid a perjury charge in connection with it.

Then we have the matter of the written evidence. We have here copies of the written evidence in these divorce cases in the Senate. This evidence was all taken down in the Senate, but when we heard this case we heard several witnesses that were not heard by the Senate. Now, the Senate has no desire to charge these people with perjury, and certainly they could not charge the people who did not give evidence before the Senate. We did not even have the evidence taken down because we were not constituted to do that. Would it not be a fine state of affairs if the private bills committee of the House of Commons were to go to the attorney general of Ontario and tell him that we would like to commit somebody for perjury on evidence which was not taken in a court of law and of which there is no transcript. I think it would be ridiculous to even suggest we would have the right to go to the Ontario court and ask for that type of charge.

These are some of the things that have plagued the House of Commons since it first started passing these divorce bills, and which have been highlighted in this Terry case. There are other things which have entered into this case. We have had a great deal of lobbying, and I understand that anyone who is going to lobby in the House of Commons must pay a fee and be registered as an official parliamentary agent. In many cases the people who have been doing the lobbying in this divorce case have been private citizens. I think we should have the right to prohibit these people from doing that type of lobbying. Other charges of intimidation have been made, and there are many other things that are better left unsaid, so I am not going to be put in the same category as the people who said them.

I think that we have in this bill probably all the fundamental problems that have faced the House of Commons since it started handling these divorce bills. I think it would not be out of order if I were to mention some of the things that could be done in the Terry case and in other cases to settle some of these problems. One of these things would be the establishment of a committee at the next session to be charged with the responsibility of doing something about getting divorce out of the House of Commons. The committee could probably consider the bill that was introduced by a C.C.F. member on a number of occasions—

The Acting Chairman (Mr. Chown): Order; I must take this opportunity to correct the speaker on something he said before, as well as the fact that he is off the bill again at the moment. He made a reference to the committee in the other place not caring about these particular cases, and I think that remark should be withdrawn. Any further remarks he makes on this bill should be confined to the bill itself.

Mr. Peters: When I referred to the Senate not caring about this bill, I meant that the Senate had already ruled on it and expressed satisfaction with the evidence. When I said that the Senate did not care about it, I meant the Senate had finally disposed of this bill. The House of Commons is now considering it. I cannot speak for the Senate, but I doubt if they are going to review this bill. If they are, I would be very happy to have them do so. The chairman of our committee could suggest that the bill be withdrawn from our committee and be re-committed to the Senate. I do not think the remarks I made were out of order in that respect.

With all due respect, I would think that when we say something is wrong with this bill we should be given the right to say something constructive, and which would be advantageous to the procedure of this house. We should do something constructive towards moving these cases out of the House of Commons and into the exchequer court. If I am out of order in saying that, I will not say any more about it.

I think the committee has been faced with another problem, and that is when the committee makes a decision there is no fundamental right of appeal from that decision for the people affected.

If there were a court of law in the province, then they would have the right of appeal. We have had an appeal in the Terry case and we may have some more before this bill is finally satisfactory to a number of people. We may have appeals but they are strange appeals. They are just appeals where somebody recommits the bill to the committee after it has already been handled and a decision has been made. This may be an appeal, but in my opinion it does not satisfy the fundamental requirements or ensure the consideration that an appeal court presided over by a judge or judicial authority would give that type of appeal. The committee has

not the right of sitting on appeal. Once the bill is passed, then there is no appeal from that decision as there would be if these cases were handled in any other manner.

I should like to make another suggestion, Mr. Chairman. We are all well aware of the reason why the Terry case and other cases go through the House of Commons. The reason this matter was not dealt with in the province of Quebec is to be found—and this is true of the province of Newfoundland —in their dislike of and their objection to divorce cases. That may well be and we do not want to discuss the grounds for that. But before the bills in many cases come into the House of Commons as private bills, there is litigation in the courts of Quebec for maintenance of children, for legal separation from the wife and in many of these cases—as in this one, I am quite sure—the adultery charge has been made. I would suggest that this may be another angle that the committee could investigate, namely that when the courts of Quebec rule—

The Acting Chairman (Mr. Chown): Order. The hon. member has strayed away from the content of this bill on several occasions. I must ask him once and finally to confine his remarks to this bill or I shall be obliged to ask him to take his seat.

Mr. Peters: I am in agreement with the chairman of the committee who has said that we do not want to discuss personalities when we are discussing this bill. I am in agreement with him. I do not want to discuss personalities. I should like to make the statements general rather than refer to the persons concerned because I do not think such reference is fair. We are discussing this matter on a national basis and I do not think it is fair to the people concerned to discuss personalities. In many of these cases the defendant is going to be obliged to live in the community in which he or she is now living; and where children are involved, I do not like to see the children in the position of having had their names dragged through the mud, so to speak. But in cases where legal separation took place—and this is one of them—in my opinion it would have been much more advantageous if the courts in the province where the legal separation had taken place had proved or disproved the adultery charge at the same time they heard the rest of the case. Then we in the miscellaneous private bills committee would not be obliged to deal with this matter. The court would have already ruled on the legality of the adultery charge.

We are asked to make a decision on these adultery charges. The chairman would like me to refer to this case. This one is an especially good one, if you wish to refer to personalities in this respect. The adultery charge itself in a few words is based on the following circumstances. On the night in question a number of people, five to be exact, came to the house; four of them came to the front door and one went to the back door. They tried to break down the front door. We smile at this. I think that that is something that any judge, if he were ruling on this case, would take exception to. They tried to break down the door. We are asked to condone this type of action. They tried to break down the door. They had no search warrant. They rapped on the door or rang the bell. There is a great deal of doubt in the evidence whether it is a bell, a buzzer or what it is. They make some kind of noise with a button anyway. Five minutes go by and the second time they make this noise with a button they hear footsteps. The man at the back hears footsteps. While they tried to knock down the front door, in the committee we find that the back door was open. All they had to do was to walk in. They did not need to break down the door. Then there were some footsteps coming down the stairs and five people ran around to the front door; there was a fight and there was a woman inside, and she got into the act and they had to fight her off. Then they were going up and down stairs and nobody knew whether they turned on the lights or not and the witnesses, in my opinion, were either very stupid or very smart. I consider that probably some of them are too smart for their own good, and if we could prove some of these perjury charges against them, maybe that would cool them off.

Anyway, no one seems to know whether the lights were on or off, and nobody tells the same story. They picked up clothes and they searched all through these rooms; they searched through the clothes closets in the two bedrooms, and all this takes place in only two and a half minutes. In that time they visited all the clothes closets and they found lipstick on the pillow cases. The two pillows had been mussed up and then they went downstairs and gave a cursory glance around the place. Then they went down to the basement and it was dark, but they found someone in the basement, and he had his shirt open.

Some hon. Members: Oh, oh.

Mr. Peters: Frankly, I do not care if hon. members like it or not, this is what happened as I heard it in the committee.

An hon. Member: You know what happened; everyone knows what happened.

Mr. Peters: I do not want to talk about it, but we are in committee. We go down —they go down the stairs—

An hon. Member: We go down?

Mr. Peters: I have been taken up and down those stairs so many times in this particular case that if I say "we" it is because of that fact. Next we are in a bedroom which is normally occupied by the owner's son, and we have a great deal of difficulty in finding out what kind of a bed is there; whether this 36-inch bed was a camp cot or whether it is a single bed or three-quarter bed, but in any event we are in the bedroom which has been fixed up and probably sound-proofed to a certain extent, and there is a man there who said he has taken a couple of aspirin and had been lying down to relieve himself of a headache.

In any event, these two people, the respondent and the co-respondent were supposed to have been together, but the committee members will recall that the nearest we could establish these two people had been found together was when they were in an automobile and that when they were in the house itself the nearest they were ever proved to be to each other was when one was in the basement and the other was in an upstairs bedroom. This is the evidence which was produced in the committee by five professional witnesses, which is supposed to prove adultery.

An hon. Member: What about a little bit of order?

Mr. Peters: On the other hand, I certainly did not appreciate the type of evidence given by the co-respondent, which was flamboyant and in many cases he ran away with the cross-examining lawyer. His evidence was not substantiated in many respects, it was contradictory, although it was given under oath. In some instances he was supposed to have been in the Quebec area for two or three days and in other cases in Pembroke, while the detectives had said he was somewhere else. All this evidence should have been checked by the committee and I also believe that the evidence respecting the car in question should have been checked. There was a great deal of talk about the kind of automobile which was supposed to have been taken from here to there and there to here, back and forth on different nights.

I think that if we had had the proper facilities at our disposal we could have examined the situation respecting this witness and could have found out whether or not he was telling the truth. I am quite sure that the counsel representing both the defendant and respondent in this case would have been most happy if the committee had been able to decide which side was telling the truth, because we were faced with a problem as to which of the witnesses had lied. We knew these things were contradictory and we had to assume that these people were perjuring themselves. I think we are not being unfair in assuming that this committee next year may well have to hear this case again so that it should be able to call witnesses. If the committee exists as it does today—and I hope it does not—it should have the power to cite the people who are giving false testimony and it should have the power to do something about it when such people are cited.

The committee should also have at its disposal the Royal Canadian Mounted Police in order to investigate such matters as the committee itself decides should be investigated. If the lawyers are not in a position to prove or disprove, or do not make any attempt to prove or disprove evidence considered to be pertinent to the case, then the committee must have this right, and there must be the right to appeal.

There have been other cases, including the Gregory case, in respect of which the committee has leaned over backwards—

The Acting Chairman (Mr. Chown): Order. The hon. member's time has expired.

Mr. McCleave: The hon. member has stated that five professional witnesses in this case have committed perjury respecting adultery, and yet at the end of his statement he also told the committee that he did not know whether or not the co-respondent was telling the truth.

The fact of the matter is that either the five witnesses are not telling the truth, and are therefore committing perjury, or the two witnesses, the wife and the co-respondent, are not telling the truth and they are therefore committing perjury.

This matter was thrashed out with the help of a great deal of evidence for over a day and a half and, as the hon. member has pointed out, there was a good deal of argument in the committee about the conflicting evidence and the eventual decision of the committee was very, very close. I do not intend to give my own views this afternoon but rather to draw to the attention of this committee as briefly as I can the evidence, both pro and con, so that the committee in its own time can make its decision in this matter.

Firstly, the hon. member stated that there was lipstick on the pillow of Mrs. Terry. On reading the evidence and checking my notes I do not believe any such evidence was presented. If it had been so presented that would be a very telling point against her

but, in fairness to the respondent in this case, I do not believe there was any such evidence.

The hon. member has mentioned the conflicting evidence of the five professional witnesses—a mixed bag of detectives—and in that regard he is perfectly correct. There was firstly the question of the door bell, as to whether it was a door bell with a regular ring or a gong; secondly, the position of the stairway in the house, which was of some importance, and whether the stairway had treads; thirdly, there was the question of the light in the basement; and, fourthly, whether footsteps were heard pounding downstairs from the bedroom; there was conflicting evidence on all those points.

On the other hand, we have the allegations of the petitioner that on five different occasions the co-respondent was found in the home of the respondent. According to the two detectives, they took up surveillance there on the night of May 21, when the two parties, the respondent and the co-respondent, were in the house. The detectives remained until 1.20 the following morning, when the Pointe Claire police came along and cleared them out of the area. On July 10 two of the detectives took up surveillance and the two parties were inside the house when the detectives left at 3.30 the following morning. At least, if the co-respondent had left the home before that time they had not seen him leave.

The two detectives kept up surveillance during the night of July 31 and when the detectives left at 8.00 a.m. on August 1 they had not seen the co-respondent leave. On August 13 they again kept surveillance and on this occasion the two professional witnesses saw the co-respondent leave the home of the wife at 7.40 the next morning. Then we come down to the date of August 30, which is the date about which most of the evidence was presented, and my friend has already given the committee a very good synopsis of the evidence concerning that particular evening.

These were the problems facing the committee. We heard these professional witnesses give conflicting evidence on the points I have mentioned and there was conflicting evidence, perhaps, on other points as well. Perhaps one might expect this to be the case or, on the other hand, if they all told the same story we could very well say they told a patched up story. It is a very difficult problem, as the closeness of the committee's decision would indicate. One could not really tell who was telling the truth and who was telling a lie. I do not think anyone in his heart of hearts could have said definitely "That fellow is telling the truth and that fellow is telling a lie." You have to draw your suppositions or inferences from the evidence as to who seems to be presenting the better case and whose story seems to hold water.

In that connection may I quote two remarks made by the co-respondent under cross-examination. First, when he was asked about kissing Mrs. Terry he said, in answer to the question, "Did you kiss Mrs. Terry?" "Not to my knowledge." Secondly, he was asked a question arising out of the detectives' evidence that on August 31 he was seen bare-waisted in the lady's bedroom. The question was asked after a great deal of conflicting testimony as to whether the nearby street was 50 feet, 75 feet, 125 feet, 150 feet, 300 feet or 500 feet away from this particular bedroom window, and was as follows: "Were you ever bare to the waist in the woman's bedroom?" And his answer was, "I don't think I was ever in that bedroom stripped to the waist. Also I don't think you could see into that bedroom from the street."

This was the difficulty we had with the witnesses, and it is unfair to quote just two examples of their evidence and to say that they are not to be believed because of the type of evidence they gave. My hon. friend will probably agree that we also had a good deal of trouble with the co-respondent. He tended to be too rapid with his answers and time after time for his own protection I had to try to slow him down and to tell him to think about his answers, not to try to rationalize them but not to blurt out something for which he would be sorry.

There was evidence one way and the other, and I might say that from the wife's standpoint and that of the co-respondent they both appeared before us and denied under oath that they had had sexual intercourse. When you have such a denial under oath you have to pay very great attention to it, and you cannot dismiss it lightly. As the hon. member who has just spoken remarked, we had suggestions from the respondent's lawyer, Mr. John McDonald of Ottawa, who is a very experienced counsel, that we must be very careful in the way in which we look at the evidence of professional detectives. He quoted from an old English case, and also from a more recent one, *Sopwith* versus *Sopwith,* and that is perfectly proper. That is the law and we have those directions to guide us. We were also very fortunate in having Dr. Maurice Ollivier, the law clerk in constant attendance upon our committee, and he was available for questions about the probability of certain matters with respect to inferential law, which was an important guide to the members of the committee before making up their minds. After a couple

of days of hearings under our belts we finally made our decision and reported it to the House of Commons.

Mr. Carter: Mr. Chairman, as this is probably the last occasion when divorce cases will be discussed during this session I should like to say a few words on this case.

I have been a member of the committee on miscellaneous private bills for a great many years. As one hon. member has pointed out, this was a most difficult case—one of the most difficult cases I can ever remember—and one which illustrates the difficulties under which the committee labours in discharging its duties. This is certainly one committee from which I would be most happy to be excused, but I serve on it because I accept it as part of my parliamentary duties. This committee has responsibility to this house because it is set up by this house, and it also has a responsibility to the parties who appear before it and who will be affected by its decisions. In cases such as this it also has another responsibility, namely to see that our traditions of justice are maintained. The history of this case shows very clearly as the hon. member for Timiskaming pointed out, that the miscellaneous private bills committee cannot possibly discharge its responsibilities as it is presently set up.

If we go back through the history of this case we find it came before the Senate divorce committee and then it came before the miscellaneous private bills committee. In that committee we heard arguments from lawyers on behalf of each of the parties. On the basis of those arguments we decided not to grant this divorce. I may say here that our responsibilities to this house are greatly increased by the fact that there is no written record. Every member of this committee will have to say yea or nay and vote on this bill depending largely upon what we tell the committee in order to form an honest opinion. Having heard this case for the first time and having rejected this application for divorce the bill came before you and was recommitted to the committee in order that further evidence might be heard.

On the first occasion we heard only the arguments of the lawyers for each of the parties but this time we called witnesses. Here, again, we have to depend on our memories, for there is no written record of what was actually said. One of these witnesses was on his feet for nearly two hours being grilled by a lawyer and while I did not regard him as a very good witness and while there was lots about him I did not like I must say that if I were in his place and on trial there being grilled for two hours I am afraid I would get tripped up with regard to some of the things I might say.

[Mr. McCleave.]

Having heard the evidence and having had an opportunity to size up the witnesses personally and to arrive at a better judgment, because we had the opportunity to judge not only the words that were said but the people who said them, we made another decision and recommended that a divorce be granted. That points up one of the weaknesses of the miscellaneous private bills committee in that we do not have any fixed set of rules or procedures. Here is a decision which affects people's lives—the most serious decision that this house can make because it affects the lives of these people and the people connected with them, their relatives and so on—and yet that decision was made on the basis of a simple majority. Members know that attendance at a committee of that kind is never 100 per cent perfect; there is always someone missing, and I get the horrible feeling inside me that if those who happen to be absent were there in the committee and if somebody else was absent the decision would be different, and one of the things which I think this house must consider in cases such as this is that decisions should be based not on a simple majority but on a two-thirds majority—certainly not on a simple majority, at least—to offset the factor of people coming in late, of people who attend only part of the hearing and so on, and to offset also the factors that work inside ourselves, because when we hear evidence we like to be objective—we like to set ourselves apart altogether and be totally impartial, but because we are human beings we cannot do that. There is in each one of us a propensity, I suppose, to believe the worst of anyone and this is very hard to get out of your mind, and it is hard to be absolutely impartial when you are hearing evidence.

There is in everyone of us a tendency, also, to react against other individuals. A certain witness will say something, and say it in a way which will sort of rile you; you react against it, and that is something we cannot help. And there is in most of us, I suppose, a propensity to sympathize with the underdog. These are all factors which interfere with the balance of our judgment. There must be factors in this committee to offset all the other factors which are likely to offset our judgment in matters like this. We are all sincerely endeavouring to do our best and do what we believe is right but we have a haunting fear that whatever we do we have a 50 per cent chance of being wrong.

There was only one witness in this case who, I believe, did not tell one lie, and that was the son of Mrs. Terry, a young boy of 17 or 18 years of age. He was straightforward and very convincing. In the evidence of all

the other witnesses there were flaws and it is not right to pick out one and say one was more reliable than another. There are flaws in all their evidence. However, when we come to make our decisions we have a responsibility to uphold the tradition of justice on which we have prided ourselves down through the centuries and that tradition is that a person is innocent unless proved guilty. We must be certain, the proof must be convincing and it must relate to certain days specified.

There is any amount of suspicion in cases like this, but suspicion is not enough. You cannot judge a case on suspicion. There must be proof, and opportunity is not enough. As the chairman pointed out this afternoon there were five occasions when the respondent and the co-respondent were together in the house. There was opportunity, but there was no proof, and on four of those occasions there was no proof that they were alone in this house. There could have been other people present, children or visitors. All we know is that these people were alone in the house at the time the detectives broke in but they were found in separate parts of the house and we do not know who was present prior to the break-in. You cannot say that proof of adultery lies in the fact that two people are alone in a house. Reference was made to the fact that the gentleman was bare to the waist but even if that were true it is no proof of adultery because the woman might not have been in the room with him at any time. The argument was pinned on those circumstances on the night the detectives broke in to secure the evidence.

The very fact that people in their desire to secure evidence of adultery will go to the length of violating the law and breaking down a person's door and invading their privacy causes me to place little reliance on whatever evidence they give. I am suspicious because they were prepared to go to such lengths to secure the evidence.

We also must consider what will be the results of granting this divorce. If I vote for or against it I have a 50-50 chance of being wrong because it is almost impossible to reach an accurate decision on the basis of the evidence presented in this case. Also I must as an individual consider what will be the results of my voting for this bill and I must attempt to take the course of action that will produce the least harmful results. If I were to vote in favour of the preamble of this bill carrying I must consider some of the following results. In the first place if the committee votes for the bill it will have taken a step that cannot be retraced. Once the divorce is granted the marriage is terminated. If we do that we are in effect reversing the tradition of British law by saying that because a person is suspected of misconduct he is guilty and he has to prove his innocence and that because he has not proved his innocence he is guilty. But we have no positive proof of actual adultery. This couple were found in the same house but in different parts of it when the detectives broke in. Although the detectives had been following these people for a number of months they had witnessed no open display of affection between them.

All hon. members know that a great deal of the evidence that comes before us in these cases is evidence that is contrived, set up or manufactured. People arrange to be found together in compromising circumstances but in every other case of which I have knowledge at least the two parties concerned were found in the same room and there was supporting evidence in that a bed was ruffled or there was underwear strewn about or some other supporting evidence. If because two people are found in the same building, one in the attic and one in the basement, they are guilty of adultery, we are establishing an extremely bad precedent and making it easier in future for people who want divorces to manufacture evidence.

On the other hand, however, hon. gentlemen must consider that if we do not pass the bill the situation will remain as is and the marriage will not be dissolved. If the wife has been guilty of misconduct she will no doubt persist in it and there will be another opportunity provided for her husband to secure more substantial evidence to place before us. For the above reasons I cannot support the carrying of this preamble.

Mr. Martin (Timmins): Mr. Chairman, the hon. member for Halifax who serves very capably as chairman of the committee on miscellaneous and private bills highlighted one of the most important features of the work of the committee when he referred to the difficulty of the committee particularly in cases of this nature to reach an honest and sound decision. I have been bothered a great deal by the fact that difficult cases of this nature are rendered even more difficult when hon. members of the committee are as rushed as we have been during this session. I speak from personal experience, one which I am sure is shared by most hon. members serving on that committee, when I say I find great difficulty in concentrating on these cases because other thoughts keep going through my mind. One thinks of a speech one must prepare for a certain time, one wonders if a certain report is yet available and one remembers a couple of letters one should have answered the day before but overlooked. I submit that

hon. members are in no position to reach sound decisions with respect to difficult cases when they are as busy as we have been this session.

The history of this case has been outlined by the hon. member for Burin-Burgeo. The case came before the committee of the other place, was passed by the other place, reached the house, was rejected and referred back to the committee. When it concluded its discussions the committee was split down the middle. One side was as convinced they were right as they were that the other side was wrong.

An important fact to bear in mind is that if we pass this bill we are establishing an extremely bad precedent.

Some hon. Members: Six o'clock.

Mr. Martin (Timmins): We can all see what this will inevitably lead to in the future.

The Acting Chairman (Mr. Chown): Order. It being six o'clock, shall I rise, report progress and request leave to consider this bill again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

Mr. Speaker: The hour for the consideration of private and public bills having expired, the house will revert to the business which was interrupted at five o'clock. It being six o'clock I do now leave the chair.

SUPPLY

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

DEPARTMENT OF TRANSPORT

414. Departmental administration, $162,855.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Brassard (Lapointe): Mr. Chairman, although I almost committed myself to the minister that I would not participate in this debate I hope he will forgive me for taking a few minutes of the time of the committee to say a few words in French on this item.

(Translation):

First, I would like to say what a happy choice it was when the Prime Minister (Mr. Diefenbaker) appointed Mr. Hees as Minister of Transport. It is true that it is not too easy to follow in the footsteps of men like the member for Laurier (Mr. Chevrier) and Mr. George Marler; but I must say that the present Minister of Transport knows his job, and that you will never find a more affable person. But knowing how very modest he is, I suppose he would not take issue with me when I say that even the passage of time will not give him the profound knowledge possessed by his predecessors.

On that note, I wish him the best of good luck—and that does not mean I hope he has to spend too long burdened with the administration of the Department of Transport.

I shall conclude these opening remarks by saying that he can consider it an honour to be appointed Minister of Transport. My personal experience has very often given me first-hand insight into the high standard of efficiency and the conscientiousness of senior officials and personnel in the Department of Transport. I am revolted at the childish and baseless charges made in the press by the one whom I must still call the "honourable" member for Brantford (Mr. Wratten).

Mr. Chairman, I wish to thank the minister and congratulate him for his speech when he introduced his estimates. Considering the short time he has been in office, I think he has shown that he has really "gone to it" and that while he has perhaps not solved all the problems of Canadians in this field, he has grasped them. May I also pay tribute to the hon. member for Laurier (Mr. Chevrier) who held the portfolio of transport for 9 years and who personally announced the construction of the Beattyville-Chibougamau railroad.

Mr. Pigeon: By the skin of his teeth.

Mr. Brassard (Lapointe): Oh, "by the skin of his teeth"! May I ask why? Of course, the jab comes from a government member; there are a few of them who like interjecting, which is just about all they're able to contribute to the debates of the house. Just the same I will—

Mr. Parizeau: Come to the point, assuming you have a point.

Mr. Brassard (Lapointe): If the member for Lake St. John (Mr. Parizeau) wanted to get up and say something perhaps we could reply to him—even regarding the Lake St. John airport in Alma.

I thank the former administration for having given us the Chibougamau-St. Felicien railway. Many things were said during the last elections, and even during the 1957 campaign, about the Chibougamau-St. Felicien railroad. I have no doubt that several members in the opposition, even my predecessor

and Mr. Gagnon, the hon. member for Chicoutimi, have made inquiries in this house and took some steps in order to intercede with the minister. I do not deny that they made some effort, but I also want to commend Mr. Andre Gauthier, the distinguished predecessor of the hon. member for Lake St. John and also the former hon. member for Roberval, Mr. Georges Villeneuve, who urged my former employer, the Hon. George Marler, to proceed with the project. And I am all the better in a position to know what I am talking about because at that time I was Mr. Marler's humble secretary, and Messrs. Gauthier and Villeneuve pressed Mr. Marler so much that at one time the former minister of transport told me: "Now, you'll just have to tell them to stop bothering me; I know we must build a railway between St. Felicien and Chibougamau, and we are going to build it."

If I say this, Mr. Chairman, it is because many electors of the constituencies of Lake St. John, Lapointe, Chicoutimi and Roberval have heard another story. I do not in the least intend to minimize the merit of all those who spoke in favour of the railway between Chibougamau and St. Felicien. Mr. Gagnon spoke about it; my predecessor in the constituency of Lapointe, Mr. Girard, spoke about it, but the fact remains that the Liberal government gave us the Chibougamau-St. Felicien railway.

During the last election campaign and even during the campaign of 1957, I heard a candidate state that it was through the intervention of members of the opposition that the construction of the Chibougamau-St. Felicien railroad had been decided. No doubt the committee will allow me to recall a witty remark made over television by a former Liberal member who said: "If you are willing to give credit to the Quebec Liberal opposition for the Talbot boulevard in our area, we are ready, on our part, to give credit to the Conservative opposition for the construction of the Chibougamau-St. Felicien railroad".

In that connection, Mr. Chairman, I also wish to pay tribute to Mr. Grenier, the late lamented secretary of the *Conseil économique de l'orientation du Saguenay*. Before he died, over a year ago, he had made great efforts and had pleaded on several occasions with Mr. Marler for the construction of the Chibougamau-St. Felicien railway.

The Minister of Transport will perhaps allow me, and I believe this is about all I am going to say on the first item because I do not want to take up all the time of the committee, to read a letter that was sent to me by the president of the brotherhood of railroad employees of my riding, about the lay-offs which have been made in that organization, respecting the number of miles for the section men in the Lake St. John-Saguenay areas.

Mr. Chairman, I beg your pardon, but I will only read a short part of this letter into the record. I hope that the minister will avail himself of the good offices of his deputy, who speaks French very well, or of those of the marine services where there are quite a number of people quite conversant in that language. As a matter of fact the minister himself speaks French very well indeed. I would like, then, to read a passage from a letter I have received from the chairman of the railway employees union of my area:

> At the regular quarterly meeting of the Brotherhood Maintenance of Way Employees' local 417, held at Jonquiere on April 5 last, it was proposed and unanimously carried that a letter should be sent to you to congratulate you on your election—

In this instance I am not alone. There are three other members from the area who were elected along with me. I continue:

> —and to wish you a long life in the service of Canadians.

Mr. Chairman, there is no doubt that I will have a long life in the service of Canadians.

> I have also been asked to acquaint you with the facts and to ask your help to stop a project which high officials of the C.N.R. have been considering for a fairly long time, a decision which would not be very beneficial to our area since it would tend to lower the standards of security and speed, and to curtail the service and improvements on the "Laurentian" division. Under this project, the sections which now are 7 to 8 miles long and are manned by three sectionmen would be increased to 12 to 15 miles for about the same number of men, thus causing the dismissal of 50 or 60 regular workers out of a total number of 300 who look after 600 miles of railroad.
>
> As you are not acquainted with the work of regular sectionmen who look after the maintenance and upkeep of the railway line, I may tell you that a section crew is made up of a foreman and two men who have from 7 to 8 miles to maintain, which means that they have to patrol the area, inspect the rails, change them when necessary, change the sleepers, mend the fences, level the line, keep it straight, take care of public and farm crossings, of ditches, sideways, switches, in short maintain everything belonging to the C.N.R.
>
> Moreover, our winters with snow, ice and frost considerably increase the amount of work to be done.
>
> I shall add that the dieselization did not reduce our task so that, as in other departments, this changeover to another form of power cannot be invoked as a reason for decreasing the number of regular employees. Mr. Gordon once said that sectionmen were the backbone of the railways.

Consequently, their number cannot be reduced without endangering the security of the passengers, the employees and the equipment. People may say that in other divisions such a rearrangement of sections actually did take place, but I can assure you that ours is not comparable to any other.

I perfectly understand the attitude of the C.N.R. management in this respect. I do not want to criticize Mr. Gordon, because I have seen too many hon. members in the opposition, including the present hon. Minister of Transport, putting the blame on the National Railways authorities. I had the pleasure of working with several C.N.R. officials and I know—and to my mind the hon. Minister of Transport knows it too—that Mr. Gordon and his colleagues are doing a tremendous job for the Canadian National Railways. They do so in a spirit of devotion and competence, which is second to none among the employees to that of other crown corporations in our country.

I am not questioning the decision of the authorities. I merely note the fact that from 30 to 40 employees were laid off on account of that decision. I shall certainly not criticize the president of the Canadian National Railways for trying to administer the company intelligently and on a business-like basis. He is a very competent man and, I repeat, he is second to none in the country as far as competence is concerned in the exercise of his duties. However, the government will perhaps admit that there is a problem there, because among those who are laid off, there are married people with families to bring up, and who have worked 10, 12, or 15 years for the Canadian National Railways. They learned a trade that they cannot exercise in private industry, elsewhere than in the Canadian National Railways or in the Canadian Pacific Railways. That is a grim situation. I also ask the hon. minister, when the session is over, to have my speech read to one of his officials and to communicate with the C.N.R. authorities to see if there is no way of overcoming this thorny problem.

At the beginning of my remarks, I said I would not take up too much of the committee's time. I will just say this: I know the member for Saguenay (Mr. LaRue) complained this afternoon about the former Liberal administration not having done much for his constituency. Of course, he was careful not to refer to what they actually did; he simply concentrated on what they had not done in his riding. I do not reproach him for trying to help his riding, but regarding the former Liberal administration, he could have been a little more objective and could have tried to grant some credit.

I call upon the hon. minister to be good enough to have my speech read by one of his officials, so that he can tackle this problem; I thank him in advance for his kind attention.

(Text):

Mr. Garland: You are about to see an example, Mr. Chairman, of the benefit of an extended discussion. I came into the house last evening prepared to speak for at least 40 minutes. This morning, I changed my mind and cut that down by 50 per cent. This afternoon, as the discussion wore on, I threw away my speech. Tonight, I am only going to detain the committee for a short time to discuss one matter that is of real importance in my district and that is the problem that arises from the conflict of interests between navigation and the lumber interests in our district. It is a matter that is the result of what I might call the lack of teeth in the Navigable Waters Protection Act.

I am going to outline the problem as briefly as I can, then I should like to say what has been done about it and what I think should be done about it. It is a problem that can be fully corrected only by action of this parliament. It is brought about by what I might call the misuse of the Sturgeon river by certain companies, and in this case I have in mind one company, in the movement of logs down that river. The river is very important to the people of my district. There is the tourist industry, which is tremendously important; there are other activities across the lake and there are the local people who like to enjoy the facilities that the river provides. All of these people are handicapped by what I call the misuse of this river in these logging operations.

In the past when the drive was on in the spring the logs were shot down the river with complete disregard for the people who normally use those waters. The matter usually came to the attention of the council or chamber of commerce, and they in turn perhaps discussed the matter together and then went to the offending firm. Sometimes results were obtained. In later years, the matter generally came to the member of parliament. I know this process has been going on for the last 30 years. The member then would appeal to the minister. Until three or four years ago the member usually went to the minister of public works and members of the engineering branch, most of whom worked at that time out of Ottawa, used to visit the area. All of this takes time,

and by the time the engineering branch visited the area, nature or the offending company had usually corrected the problem. However, there was no permanent solution.

Time went along, and in 1955 we were able to get the two companies that now use the river together with the Sturgeon Falls council and the members of the chamber of commerce. At that meeting there was a recognition of the problem and a promise that this misuse would not be committed in the future. Since that time the one company has been most co-operative and has avoided moving logs on holiday week-ends or when there was insufficient water in the river. They have had a regard for the interests of other people using these waters. The other company, it seems, still continues to disregard their responsibilities in this area.

As recently as a few days ago I received another telegram which I should like to take the time to read to the committee. This is a telegram from the Sturgeon Falls chamber of commerce and is directed to me. It reads:

Contractor for J. B. Smith Company started moving logs through sluice about ten days ago. Loose logs in Minniha-Sa bay and Sturgeon river makes navigation most dangerous. Conditions last week-end were the worst in past ten years. Tourists trying to go across the lake had to detour to Lavigne. It is evident that the contractor is deliberately disregarding safety of those travelling on the river. Several thousand logs were released last week-end even when it was apparent that waters above dam would not be released because of shortage. Please pray the Minister of Transport to see that conditions are remedied as soon as possible. Gordon Lumber Co. gave us full co-operation this year.

Mr. Chairman, I have stated the matter. I have brought it to the attention of the minister personally, and I know he is giving it his attention. Part I of the Navigable Waters Protection Act has to do with permits for construction of things in and on navigable waters. Part II of the Navigable Waters Protection Act deals with the use to which these waters can be put. I raised this matter when the Navigable Waters Protection Act was amended in 1956. At that time I thought perhaps an amendment could be made to part I. However, upon reflection, I think this legislation can only be amended as to part II. There could be a solution to this problem if teeth were put into this legislation. In the past, when officials of the department have gone to the area it would depend perhaps on how hard they stamped their feet whether or not they obtained desirable results. However, if teeth are put into this legislation this problem can be solved. I should like to suggest an interdepartmental committee. I had this suggestion close to realization at one time. I am now suggesting it again. I suggest that perhaps an interdepartmental committee could be set up of representatives of the Department of Public Works and the Department of Transport to study this problem with a view to bringing in an amendment to the Navigable Waters Protection Act that would specifically spell out this problem and the corrective.

Before I take my seat I should like to thank the Minister of Transport for the kind and sympathetic attention he gave to a request earlier this year in connection with the relocating of the administration or terminal building at the North Bay airport. I would not want this opportunity to pass without thanking the minister on my own behalf and particularly on behalf of the chamber of commerce and the other people in my district who are so greatly interested. I wonder whether the minister has anything further to say as to the progress on that project.

Mr. Hees: I might just answer the hon. member now on that matter. I should like to assure him first of all that we are looking into the question that he first raised. I can tell him that we shall do our very best to work out the best possible solution for that very real problem which the people he has mentioned are running into.

Second, with regard to North Bay airport terminal building, I am glad to be able to report that a new civil area for development of civil terminal facilities has been selected quite separate from the military installations. Engineering planning is proceeding now and we hope that we may be able to commence some clearing during the winter this year and that with further development the construction contract can be let next year.

Mr. Stanton: Mr. Chairman, I will not take up too much time of the committee at this stage. I am going to take a cue from the minister in past years. He always said what he had to say in about ten minutes. It has always been my considered opinion that it should not take a person 30 minutes to build up what he had to say in ten minutes.

At this time, Mr. Chairman, I wish to thank the minister for his kindness in the grant that he has given us in Leeds county and the city of Brockville for the municipal airport. I should like to bring to the attention of the committee something about which I have spoken frequently in past years, namely the condition of the railway station which we have had to put up with now for a good number of years. This station in Brockville is outdated and outmoded and if it stands much longer it will be outlawed. It was built shortly after the Grand Trunk railway was completed between Montreal and Toronto. I feel that it was built to accommodate the

people of Brockville at a time when Brockville was a very small town. But I might say the population of Brockville has increased about 100 per cent in the past 18 years. It is now a thriving city. I believe that the people of Brockville are deserving of a station in proportion to the prospects for the future and that the industry which is thriving there at the present time merits nothing less. The city of Brockville is on the eastern outskirts of the Thousand islands and is indeed in what I might call Leeds the lovely.

I have another problem which I wish to bring before the committee this evening, namely the level crossing on William street in Brockville. It is extremely inconvenient. Not only that, but it is dangerous. Brockville is expanding to the north. That is the only way it has to expand. William street, which crosses the double tracks of the C.N.R. from Montreal to Toronto and also the main C.P.R. line from Brockville to Ottawa, is closed off by the several trains that pass over those tracks during the 24 hours of the day. It is a serious matter. We have schools in this vicinity and another large school is being built at the present time north of those tracks which children are obliged to cross. Not only that, but these tracks are closed off by passing trains and trains which are stationary at the station, sometimes for intervals of quite some duration.

I should like to give a good illustration of that situation. Not too long ago an ambulance was hurrying a patient to the hospital—a catastrophe patient—and it did not get there in time for medical aid. Not only that, but it has been known in the not too distant past that a maternity ambulance had to stop at this crossing and I might say that the results were rather regrettable. There are three highways passing over this street, namely highways 29, 42 and the road from the new highway 401, which bypasses Brockville. Increased traffic to Brockville will come over that route. Within another year traffic will be terrific and I say without hesitation that it is time that something is done with regard to this level crossing in order to make it less hazardous and more convenient for the people.

I have spoken on this matter on several occasions in this house but apparently what I have said has fallen on deaf ears. I am happy to state now that negotiations are under way at the present time between the three levels of government, namely the board of transport commissioners, the provincial department of highways and the municipal government of the city of Brockville. I am hopeful that no stone will be left unturned in an effort to bring about immediate improvements and that a subway or overpass may be constructed on this street which will make passage more convenient and less hazardous. I hope the minister will use his influence in every way he can to eliminate this obstacle and to further the building of this subway which will be much appreciated by the residents of the area which I have the honour to represent.

Mr. Regier: Mr. Chairman, I wish to present to the new Minister of Transport a problem which I hope in the months ahead, when the pressure of work will not be so urgently upon him, he will very seriously consider and which I hope he will bring to the attention of his colleagues in the cabinet and to the attention of interested parties in the lower mainland of British Columbia in order to see whether or not a new approach can be instituted. I have in mind the problem of the Fraser river. We now have a new government and a new minister and I am hoping that he can restore a bit of order out of the mess of confusion which exists in the mouth of that river.

As the minister knows, we have in New Westminster what is known as the New Westminster harbour board; in south Burnaby we have the north Fraser harbour board, and we also have the national harbours board administering most of the other waters in and around the mouth of the Fraser river. Large areas of water and shoreline are really nobody's business at all, although technically speaking all of what used to be the wilderness areas of the waterfront were at one time assigned to the national harbours board and therefore come under the jurisdiction of the harbour master in Vancouver. Actually these areas have received no attention from the government, from the harbour master or from any of the harbour boards for a very long period of years, and with the upset of the government many of the municipalities concerned are very, very optimistic for the future and they are now hoping that out of the tens of millions of dollars voted annually for the purpose of looking after the mouth of the Fraser river a little bit of development will come their way.

There are many conflicting interests involved in the administration of the waters of the Fraser river and I believe it is not by evil design but that it is primarily because of these conflicting interests that many matters have not received attention which should have received attention and that very large sums of money now being voted each year are an absolute waste. The federal government has a number of ministers who are involved. When it comes to taking the water off the land, the Minister of Agriculture is

concerned; when it comes to making surveys the Minister of Northern Affairs and National Resources is concerned, and he has a large vote with respect to the Fraser river in his estimates; when it comes to taking sand out to enable ships to navigate and to building the breakwaters the Minister of Public Works is concerned. The Minister of Transport is concerned with the harbours in the area and the Minister of Agriculture is concerned with the problem of erosion of the rich agricultural land. The Minister of Fisheries is very much concerned with what happens in and around the mouth of the Fraser river and in an emergency, such as that which happened a few years ago in British Columbia, the whole cabinet is involved. On that occasion, in 1948, it had to vote many, many millions of dollars to augment the even greater number of dollars spent by the British Columbia government to alleviate the conditions caused by the flooding of the river. The Minister of Public Works is also involved with respect to this river when it comes to the building of bridges across it.

Our British Columbia government also has many ministers involved in what happens on the Fraser river. The minister in charge of highways has to look after the bridges, and the minister of fisheries in British Columbia is concerned. Another minister deals with the building of dikes along the river banks. The British Columbia government is vitally concerned that the river should be adequately used by the lumber interests and we have in the heart of my riding the largest sawmill in the British commonwealth, which is situated on the banks of the Fraser river. The government of British Columbia is also concerned that this river may be an important source for the development of hydroelectric energy. There are others who are concerned, it will be seen, besides the Minister of Transport. There are the farmers, the fishermen, the shipping interests, the longshoremen, the industrial concerns and those who are interested in the recreational possibilities of the shorelines of the lower mainland.

I remember the Minister of Public Works, when he was in the opposition, for some time advocating to the then minister of transport that that minister should accept the establishment of an advisory committee to the national harbours board and I believe that what the Minister of Public Works had in mind was that on this advisory committee might be found representatives of the various, and at times, conflicting, interests. The then minister of transport, after hours of coaxing, eventually agreed that there was merit in the suggestion of an advisory committee composed of local interests who were concerned with the matter, somewhat similar to that which existed in respect of the harbour board at Halifax. I understand, however, that such a committee has never been established; it was left more or less in the hands of one of the aldermen of the city of Vancouver, who apparently did very little about it.

I wish the minister would look into that possibility, particularly to see if an advisory committee established to assist the national harbours board in the administration of harbour facilities in the lower mainland could have on it adequate representation from the municipal corporations affected. I would like to go much further and to see established a Fraser river board or a Fraser river authority, having a board composed of representatives of all municipalities from the mouth of the Fraser all the way up to Hope. The federal and provincial governments might then reach an agreement whereby they could through their various authorities supply the technical and administrative personnel necessary. However, this Fraser river authority, constituted of all the interests concerned, would lay down the general policy as to how, when and where things were to be done along this vital river.

This river is of vital importance to most of the people of our province. On this Fraser river board should be, primarily, representatives of municipal bodies, of the shipping companies, of industrial interests—in particular, lumber and fisheries—of labour—the longshoremen's and fishermen's unions and the agriculture organizations.

What kind of work would this Fraser river board do? First of all it would do the work now being done by the national harbours board, the New Westminster board and the North Fraser harbour board. This board would replace these local boards and would undertake a much more comprehensive organization, an organization which would be much wider in its interests than the interests being served at the present time.

The first responsibility of a Fraser river board would be to undertake a complete survey of the potentialities of the river. This has been recommended to the Minister of Public Works and, I believe, to the Minister of Transport by the lower mainland regional planning board. This is an organization which has very excellent advisers. They have technical men on their payroll and they have received the active support of the municipal corporations along the banks of the Fraser, bodies from which they derive most of their income.

This lower mainland planning board has asked that the potentialities of this river be explored. We cannot have proper and economic development of this river unless a survey is made of all its potentialities. This would avoid much of the overlapping which now takes place. It would ensure that shipping interests would not be hampered from time to time by the lack of an adequate dredging program. For several weeks in almost each and every year ocean-going vessels cannot load grain because the federal government has not adequately carried out its responsibilities on this river. We would be able to obtain full utilization of all the resources that this river can afford. We would see a little harbour development in Burnaby, along the Pitt river and along the eastern end of the Fraser river. Up to now this river has been developed in a slipshod and haphazard manner; there has been no element of design attached to it. However, it is now time that we should realize we are either going to continue the mess we are in now or we are going to begin to utilize the river in such a manner as the ingenuity of the people concerned can best accomplish.

I should like to pass on two other thoughts. I hope the minister will at some time consider asking that the corporation of Burnaby, which has a railroad running through the centre of it, be supplied with a railway station if for no other purpose than to load and unload passengers and take on express. After all, the city of Toronto has all kinds of places where the trains stop on the way to and from the city. Montreal has the same facilities. We are asking for the same thing in Burnaby. We do not like to go through heavy traffic for many miles to the railway stations at New Westminster or Vancouver.

I should like to thank the department for deciding against locating an auxiliary airport in my riding. The people in my riding have long been apprehensive lest the quiet of their homes be disturbed by the noise and by the danger which is involved in living next door to an airfield. I understand that the department has now developed an auxiliary airport in the Pitt Meadows area and I should like the minister if possible to give a report on the progress being made in the development of that airfield.

Mr. McWilliam: Mr. Chairman, I know the committee is anxious to pass this main item. I will therefore move directly to the local matter I wish to raise.

In the constituency of Northumberland-Miramichi there has been a continuing problem facing the department in connection with the dominion government telephone line which serves the area from Black river bridge to Escuminac on the south side of Miramichi bay.

There is a heavy concentration in this area of people who are engaged for the most part in the fishing industry and who reside, in the main, along the Chatham-Escuminac highway. Their only means of telecommunication is the federal government telephone line. This telephone line was constructed many years ago, primarily as an aid to navigation as a connection link between Chatham and the marine lighthouse at Escuminac point but also for the dispatch of pilots from shore to ship to guide ocean going steamers to inshore ports along the Miramichi river for cargoes of lumber, and to relay notification of the steamer's arrival at point Escuminac to transport and customs and excise officials at Chatham.

This telephone line has never been properly equipped to a point that assured services under all conditions, despite the concentrated efforts of the maintenance crew and the diligent work of the board operators. Over the years the department has expended moneys for the upkeep of the line but expenditures were never sufficient to bring it to the standard of other telephone systems operating in the province.

The department's expenditures may have been based on the revenue derived from this line. I know that revenues have decreased of late years and that collections have been difficult. One reason why collections have been poor and why patrons whose accounts were always promptly paid have discontinued the service is the poor service rendered, particularly at nights.

In the first place the equipment is not adequate to provide uninterrupted service. Many times there has been no service for periods of two and three days and on occasions for a full week. Another reason—and a very important one— is that the service is operated only during day time. During the night it is not possible to contact a clergyman or doctor or nurse. When medical care is required during the night there is no way to contact the closest doctor at Chatham, up to 30 miles away, except by driving over the highway and during storms in the wintertime that is almost impossible.

For several years I have made representations to the department outlining existing conditions and urging that the line be adequately equipped. The situation is becoming worse even to the point of a curtailment in the hours during which operators are on duty. The department should either provide adequate service or offer their franchise and equipment to a public utility company, as a solution which I previously advanced to the

department. Even if the department turned over the entire equipment gratis and granted a subsidy in respect of the telephone service for the lighthouse and pilots, the government would save money.

Telephone service in this area is away out of step with the standard enjoyed in other places. It is an important fishing area and adequate telephone connections are essential for this and other obvious reasons. Even the British empire lightweight champion, Yvon Durelle, who lives in this area has to drive to Chatham to make his telephone contacts. It is difficult to realize that in the year 1958 a well-populated area settled hundreds of years ago is so inadequately served. I trust the minister will see to it that this area receives telephone service in keeping with modern day requirements and that this problem will not be sidestepped further by small annual expenditures that only put salve on the sore.

Mr. Argue: Mr. Chairman, on the first item of the estimates of the Department of Transport I should like to inquire of the minister whether or not it is his intention to proceed at this session with the resolution standing on the order paper in his name to amend the Transport Act to provide for the appointment of a transport controller. I ask this in view of the great interest that has been taken in the Bracken royal commission on boxcars and their distribution. As people who are acquainted with this problem well know, if any major step is to be taken to provide a fair basis for the distribution of boxcars at elevator points in the prairie region it is quite possible and indeed almost likely that authority such as is requested in this resolution would be required.

I can see no reason the government might have had for placing this resolution on the order paper other than its belief that this power was needed as a result of the pending report of the Bracken commission. If it is needed or if it is likely to be needed then I feel the legislation should be passed during this session. If on the other hand the government knows that Mr. John Bracken in his report will not be suggesting anything that will require such power or will not be making any recommendation that will require such power before the next session of parliament then I do not feel there is any reason for the government to go forward with this resolution. In other words, if the government believes the power that would flow from having passed this measure is required, I for one am fully prepared to support it. If on the other hand the government believes that this power is not necessary between now and the next session of parliament then I can see no reason for proceeding. I should like the minister to tell me whether it is needed in the light of any report that may be made by the Bracken commission.

Mr. Hees: I am very glad to answer that question, Mr. Chairman. Since introducing this legislation I have looked into the matter very carefully and I can see no indication of any need for such legislation between now and the next session of parliament and so I have withdrawn the legislation. If at some future time it appears that a controller is needed then legislation to appoint one will be introduced.

Mr. Argue: I believe the minister has taken a very reasonable position. I am not asking the minister to comment on this but it would suggest to me very definitely that Mr. John Bracken will not be reporting anything to the government that would require this type of power between now and the next session of parliament. I realize, of course, that other powers may be available, for example, under the Canadian Wheat Board Act or that a solution could be found through some measure other than the one to which the minister referred.

I wish to support all those organizations, provincial governments and members of this house who have impressed upon the government the need to provide a toll-free seaway. The people of the prairies and industries in eastern Canada have looked forward to the establishment of the St. Lawrence seaway as a means of providing great savings to their industries and have shared the hope that on the completion of the seaway it would be made toll-free. They are disturbed not only by the report of the minister that tolls will be levied on the seaway but also by the reported possibility that tolls may be levied on the Welland canal. They believe this is a retrograde step and something the government should resist. Knowing the many statements made by hon. members of the Conservative party in the past to the effect that they would support Canadian interests when they came into conflict with United States interests, I express the hope that the Canadian government will exert its influence to make the seaway toll-free.

I have examined a number of submissions that have been made in this regard by many organizations and I find the body of opinion supporting a toll-free seaway is very substantial indeed. Representations have been made by the Canadian Federation of Agriculture, by the interprovincial farm union council and by a well known and important newspaper of this country, the *Globe and Mail,* which, in spite of a few screwball editorials and a recent one in particular which comes to my mind, is in my opinion a newspaper of very

high stature in Canada. I believe it is becoming, as it were, Canada's New York *Times*. In a thoughtful editorial in the *Globe and Mail* in the issue of July 29 it is pointed out that there should be no tolls on the Welland canal.

Also in opposition to tolls on the Welland canal are the great lakes fleet owners, the Steel Company of Canada, the Niagara Peninsula communities, the province of Saskatchewan and the province of Manitoba. Indeed, a very large percentage of the Canadian public as represented by these organizations and provincial governments believe that Canada's policy should be a toll-free seaway.

The Minister of Transport in the past has given his version of what a system of tolls might save in the way of lower freight rates on grain. The people of the prairies are naturally interested in the St. Lawrence seaway in the hope that it will reduce their freight rate burden both on goods being shipped to the west and on goods being shipped to the east and particularly on grain shipments. They have noted with a great deal of concern as I am sure the government also has that the route through Port Arthur and Fort William, through the great lakes and the St. Lawrence river, in relation to the west route through Vancouver, in recent years has become relatively uneconomical for the movement of grain.

When appearing before the agriculture committee of this house during this session the chairman of the Canadian wheat board W. C. MacNamara gave figures relating to the cost of shipping through various routes. We were informed that to ship wheat from Fort William to Montreal cost 22¼ cents a bushel. To trans-ship this wheat to the United Kingdom from Montreal costs 14.4 cents a bushel. On the other hand, the total rate out of Vancouver to the United Kingdom is only 18 cents a bushel that is compared with the total eastern rate of more than 36 cents a bushel.

The minister said that the St. Lawrence seaway would result in a saving of 4 cents a bushel to the shippers of wheat. In the agricultural committee I asked the chairman of the wheat board the following question:

> Do you know whether or not the saving might be in the neighbourhood of 4 or 5 cents a bushel?

To this question the chairman of the Canadian wheat board replied:

> No. I think that is anybody's guess. I will be pleasantly surprised if it results in a saving of 4 cents per bushel for our producers.

I should like the minister, if he can, to give the committee the assurance once again that the use of the St. Lawrence seaway will result in a minimum saving of 4 cents a bushel. I know that the minister must have had very good grounds for making this statement but I also believe that the chairman of the Canadian wheat board is an expert on all matters relating to wheat and it was disturbing to me to hear him state that he would be pleasantly surprised if the seaway results in a saving of 4 cents per bushel. I repeat my suggestion to the minister that in so far as possible the St. Lawrence seaway should be toll free.

There is another matter I wish to raise on item one of these estimates. I refer to the whole question of C.N.R. lay-offs and the policy of the C.N.R. with regard thereto. On previous occasions I have raised during this session the matter of lay-offs by the C.N.R. at various shops across the country and in reply to my questions the Minister of Transport has always said that he would be quite prepared to discuss the matter with the C.N.R. management. While I have no doubt that the minister has always discussed this matter with the C.N.R. following requests in the house, little seems to have been gained by these discussions and the lay-offs are continuing.

The lay-offs seem to be taking place at a large number of points across Canada. I have in my hand a letter from the Moncton and district labour council sent to me on June 13 of this year which reads in part as follows:

> Commencing a short time after the election, lay-offs in the C.N.R. have been constant—small, but constant. There is every indication that the eventual padlocking of the C.N.R. shops in Moncton is on the planning board.

That is a very strong statement made by J. E. McAllister, secretary of the Moncton and district labour council. He goes on to say, and I believe this has been discussed before in the house, that the Minister of Transport, according to newspaper reports and in statements made during television appearances, had assured the people of Moncton that this thing would not happen in the future. I think it is time that the C.N.R. and the minister gave the people who are employed by the railway company some indication whether or not they can look forward to a reasonable degree of security in their work in the months and years that lie ahead.

I know it will be said that nothing can stop progress and nothing should stop progress, and that these people are merely casualties because of technological improvement. That may be an answer that satisfies some people but it does not satisfy the men who are affected. If Canada had a full employment economy at the present time these men could look for comparable opportunities in other industries and the complaint would not be

nearly so serious. But there is every danger, in spite of anything that has been said, that as these men are laid off they will be added to the unemployed rolls in the country. Perhaps I might make reference to an article that appeared in the Winnipeg *Free Press* of Saturday, July 15, 1958. The writer is Michael Harris and he is dealing with a statement made by Mr. George D. Battigelli, secretary-treasurer of district lodge No. 2, international association of machinists, railroad division. The article reads in part as follows:

As an example of progressive reductions, he cited the proposed lay-offs at the Stratford, Ont. shops—150 men at July 11, 70 at August 1, 70 at September 1, 60 at October 1, and 200 between April 1 and October 1, 1959—making a total of 550 shop craftsmen. These cuts will involve machinists, electricians, pipefitters, painters, carpenters, sheet metal workers, blacksmiths' helpers and other helpers and apprentices. Mr. Battigelli thinks the Stratford shops will be closed down before those at Fort Rouge.

Earlier in the article it is pointed out that C.N.R. employees at Winnipeg are very concerned about the rising lay-offs at the C.N.R. shops, particularly the Fort Rouge shop, and the report that this shop will be entirely closed in the future. I have merely given these examples of C.N.R. lay-offs to impress upon the minister again the importance of giving the House of Commons and these employees something more tangible by way of an answer than the answer we have heard heretofore, namely that the minister will discuss the matter with the C.N.R. management, without any indication being given that anything was done as a result of his representations.

If these changes are necessary in the future it would seem to me that as long as we have widespread unemployment the lay-offs should be postponed until employment picks up. From the national standpoint I can see no advantage in putting these people on the unemployed rolls now merely to draw unemployment insurance or to be a burden on the country in some other way. It would seem to me that it would be logical at this time for the government to do everything possible to see that these people retain their jobs. When the minister replies I hope he will be able to give the men who have been or may be affected greater encouragement than he has been able to give in the past.

Mr. Morris: Would the hon. gentleman permit a question before he resumes his seat?

Mr. Argue: Yes.

Mr. Morris: Does the hon. gentleman, who is the leader of the C.C.F., not think that the interests of organized labour in the east, which he alluded to in his reference to the railway workers at Moncton, would be severely harmed if the government were to take his advice and institute a toll-free St. Lawrence seaway? Would that not affect labour in the east seriously?

Mr. Argue: I do not think that at all. I for one do not feel that you can play the interests of one part of Canada against the interests of another. I am in favour of steps being taken that will improve the economic standards of people in all parts of Canada. One of the main reasons there is widespread unemployment across the nation today is the fact that the prairie grain producers are in a state of recession. I know that members of the government, including the Minister of Transport, have given very careful consideration recently to some help for the grain producers.

But I would suggest with great respect to the government that they should do a whole lot better in this regard than has been indicated by certain leaks in the newspapers to date. If they did that, it would take care of some of the problems to which my hon. friend has referred.

Mr. Hees: I should like to answer the two questions which the hon. member for Assiniboia put to me. First, he was asking me to guarantee a saving of four cents a bushel on grain being moved from the lakehead to Montreal. This, of course, I cannot do and never intended to do. When I was asked I said the best estimate I was able to make, based on the best economic information I was able to obtain, was that it was hoped and expected that the saving on a bushel of grain being transferred from the lakehead to Montreal would be four cents. Naturally, I cannot guarantee anything of that kind. All I can do is to give the best estimate available to me to make.

Secondly, the hon. member asked me to give some assurance to the workers on the Canadian National that their jobs would remain intact. This, of course, is another thing, as I think the hon. member knows, but it is impossible for me to do. The management of the railway is, by statute, responsible for all matters to do with the running of the railway. I have, as I have told my hon. friend and other members in this house when questions about Canadian National employment have been brought up, in every case brought these cases to the attention of the management and have discussed them with the management. The management has assured me, as I have informed the house, that wherever it is possible to keep an employee working, that is done. Employees are only let out very reluctantly and when there is absolutely no work for an employee to do. I am afraid I cannot give the hon. member or the house any more

information about future employment possibilities on the Canadian National than that.

Mr. Argue: I think that if it is impossible for the minister, through his negotiations, to give us any more assurance than he has been able to do tonight, then surely it is the responsibility of the government to provide in Canada an economy in which there is full employment. We have gone over the cabinet ministers, almost one by one, during this session to try to find out if one of the cabinet ministers or the government itself had any plan or any program to provide full employment in this country. I, for one, have heard nothing of any program that would suggest to me that full employment was something to which we could look forward in the near future. As a matter of fact, there has been no indication yet that the government has a winter employment program, and without an adequate winter program the fears of the people who may face lay-offs from the Canadian National shops are, of course, greatly increased.

I wonder if I may ask the minister a question as to whether, as a result of his discussions with Canadian National management, he can assure the house and the workers involved in Winnipeg that the report by Mr. A. J. Crofts and the Winnipeg *Free Press* of July 15 to the effect that, the Fort Rouge shops at Winnipeg will be closed by 1960, is not correct? Apparently the newspaper has some information as to the planning and program of the Canadian National. I would think the minister would be able to get, without difficulty, information from the Canadian National about its plans for the shops in Winnipeg, the Strathcona and Fort Rouge shops. Apparently the chief concern at this time is that further lay-offs will be made and that by 1960 there will be a complete closing of the Fort Rouge shops.

Mr. Hees: In answer to that question, I may say that I am aware of no such plan. I shall be glad to speak to the management of the Canadian National to ascertain if any such plan exists, but I have not heard of it.

Mr. Argue: I wonder if the minister, either in the house or by letter, would communicate to me the result of his discussion with the management?

Mr. Hees: Yes, I shall be glad to do that, Mr. Chairman.

Mr. Batten: I just want to take a few moments of the committee's time to bring to the attention of the minister one or two points concerning my own riding. I should like, first of all, to talk about the city of Corner Brook and the facilities which are needed there. Corner Brook is the second city in Newfoundland. It is the site of, if not the largest the second largest integrated newsprint mill in the world. In addition to that, it is also a transshipping point for the northern coast of western Newfoundland. For these two reasons, there is within that area a great deal of shipping, by rail and by boat.

I know that at the moment improvements are being made to the railyard, improvements which I believe will add much to the facilities of the area. However, there is one fear that the people within the city have, and that is that it is possible to have this yard expanded, then have some type of dock built there, and to arrive at a position where there is a good dock and a railyard and yet the one is not complementary to the other because of the locations. I wonder if, when we come to the proper item of the minister's estimates, he would be able to give some information regarding the Canadian National railyard at Corner Brook.

The Canadian National now maintains the old public building which exists in the city of Corner Brook. I believe they rent part of it to the provincial government. I should like to suggest to the minister that he, in turn, suggest to the Canadian National that one improvement that could be made in the Canadian National service within the city is to have a ticket office installed in that old public building. Actually the railway station is a little out of the way. It is down on the waterfront, which is a very busy section. I think it would be extremely convenient to the travelling public if they were able to go to an office in the public building, which is in the central part of the city, and there buy railway tickets or make reservations which they want to make. I seriously make that recommendation to the minister in the hope he will, in turn, make it to the officials of the Canadian National.

Undoubtedly, the minister is aware, and I am sure the officials of his department are, that at various times within the port of Corner Brook we have a serious icebreaking problem. Following the winter of 1956-57 it was well into the month of June before ships were able to move newsprint from the port of Corner Brook to the markets of the world. Various representations have been made by the company, by the unions and by other bodies, both to the minister and to the officials of his department for icebreaking service in that area. In the spring of 1957 the mill was completely tied up because it was impossible to ship by boat. We were fortunate at that time in being able to secure the services of a United States navy icebreaker the U.S.S. *Edisto*, which was able to come into Corner Brook and break the ice there

Afterwards, we were able to look after it ourselves. In the meantime we also had the service of the icebreaker *N.B. McLean,* which did a fine job around that section of the coast in breaking the ice and starting off spring transportation. May I digress here for a moment to pay tribute to the captains and crews of both the U.S.S. *Edisto* and the *N.B. McLean* for the fine job that was done at that particular time.

May I once again urge the minister that in making his plans for icebreaking both in the lower St. Lawrence and on the west coast of Newfoundland particular attention be given to a problem which can be a serious one if the port is blocked by ice during the winter period. If the port is blocked for any prolonged period the company is not able to ship its paper. Neither are the various commercial concerns able to bring in commodities as cheaply as they can by water. The result is that in the paper industry, where the market is very competitive at the moment, 12 per cent is added to the cost of the paper. Considering the many other transportation costs in Newfoundland this added expense results in a cost which is very restrictive in the paper industry of Newfoundland. I would therefore urge the minister to give consideration to this problem of icebreaking within bay of Islands and the port of Corner Brook.

Before I leave the C.N.R. there is one other thing I should like to say. Dotted along the railway line in Newfoundland are small flag stations. These stations are not looked after by a caretaker. The station is just a small building where people can wait to board a train or where a small quantity of freight can be taken off a train or where freight can be put to be loaded on the train upon its arrival. These small flag stations dotted across the country are sometimes found to be in a state of serious disrepair. It would cost very little to have these small buildings kept in good repair all the year round. I should like to suggest to the minister than an effort be made to have these small flag stations repaired and painted. That procedure would add to the appearance of the C.N.R. property along the line.

We have down the northern coast of Newfoundland an area which, over the past few years, has had very little telegraph and telephone communication. The service there now is not only incompatible with present day needs but it does not even measure up to the standard which was experienced by people 30 years ago. Many representations have been made to the Canadian National Telegraphs and every time the reply is given that the cost of installing the necessary equipment is so great, compared with the revenue which could be derived, that they feel they are not prepared to make the necessary outlay.

I would suggest to the minister that somewhere between the aims of a commercial body trying to make a profit and a government body trying to operate a service for the people there arises the question of service. I would hope that the minister would either get the Canadian National Telegraphs to look into this problem or the Department of Transport itself to take over this area and service the telegraph and telephone services as it is doing in some other places. The area to which I refer is the area on the west coast of Newfoundland north of Bonne bay on the Port au Port peninsula and the area from St. George's west to the Codray valley. These areas are very poorly served by telegraph and by telephone. If there is no other solution, if the Canadian National Telegraphs is not able to handle the problem I would hope that some arrangement can be made with the Department of Transport to have this matter looked into and promptly dealt with.

Last year the Department of Transport was able to build on Kepple island near Port Saunders on the St. Barbe coast a very fine lighthouse and fog horn and a residence for the keeper. To date however this installation is not working. I should like to recommend to the minister that this installation be put into operation at the earliest possible date. It is an important one. Many of the ships that travel up and down the coast such as the C.N.R. boats have their navigation aids such as radar and so on. However the smaller boats have no navigational aids and they need the services which this lighthouse and the fog alarm are able to give.

During the debate on this first item of the estimates of the Department of Transport we have heard on more than one occasion today mention of the motor vessel *William Carson.* I understand that the *William Carson* went into Port aux Basques yesterday. I would hope that when we come to that particular item the minister will be able to give us some report on that trial run. Although it has not been stated it has been intimated that possibly it will be found that the harbour at Port aux Basques is not suitable for the *William Carson* and that maybe some other port will have to be found.

Let me first say—and here I agree with my colleague the hon. member for Burin-Burgeo—that in the terms of union between Newfoundland and Canada it was agreed that this ferry should operate from North Sydney to Port aux Basques. If, however, it should happen that the harbour at Port aux Basques is not found to be suitable for the *William Carson,* it is my belief that the only alternative port for the *William Carson* would be

that of Corner Brook. Here there are rail facilities. For those who are travelling by boat there are hotel facilities. It would be an admirable solution to a difficult problem should the port of Port aux Basques be found unsuitable for the motor vessel *William Carson.*

I have a number of other small questions, Mr. Chairman, but I think I shall leave those until we come to the particular items.

Item agreed to.

415. The St. Lawrence river joint board of engineers—Canadian section, $132,090.

Mr. Chevrier: May I ask just one question. Are the duties of the St. Lawrence river joint board of engineers completed now or will they be completed soon?

Mr. Hees: We expect that their duties will be terminated with the completion of the seaway early next year.

Item agreed to.

Canal services—

416. Administration, $162,855.

Mr. Chevrier: On canals, perhaps I could bring to the attention of the minister one matter. With the opening of the seaway will disappear the Soulanges canal and the Ontario-St. Lawrence canals, thereby putting out of work many hundreds of people. I know that a committee had been established, even when I was occupying another position, to deal with this problem. I would simply bring to the attention of the minister the fact that in so far as the Soulanges canal is concerned, I believe there are perhaps not a sufficient number of positions on the Beauharnois canal to look after them but certainly a large number of them could be looked after, and I hope that will be done. However, the position is not quite the same with respect to the Ontario-St. Lawrence canals. I think the minister said the other day some 70 people would be out of work. May I make this suggestion to him. With the headquarters building at Cornwall there will be, with maintenance staff, elevator operators and so on, perhaps some 14 or 15 positions; I do not know how many. But it seems to me that those men who are out of work in the canal services should be given preference for those positions. I hope it will be possible for him to do that on the new Iroquois lock and that the employees of the St. Lawrence canals will be given preference.

Mr. Hees: I want to assure the hon. member that this matter is receiving very intensive study at the present time. We are working with the St. Lawrence seaway authority on the matter. Everything possible will be done to place these displaced employees.

418. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies, $2,531,177.

Mr. McMillan: The minister was asked several questions and I thought probably he intended to reply to some of those questions. We do not want to repeat them all over again if the minister has the answers.

Mr. Hees: I will be very glad to answer the questions put a little earlier by the hon. member for Welland. First, he asked me if the government agreed that pilotage is necessary in restricted waters, and I am very glad to assure him that the government agrees that this is so. In reply to his second question, I assure him the government is not taking any sides in the great lakes dispute. We have no jurisdiction in the matter and are taking no sides. Thirdly, I wish to advise him that the Welland ship canal will be taken over by the seaway by means of an order in council early next year.

In reply to his next question, tolls on the seaway are still under consideration and the toll structure will be proclaimed by order in council when it is finally decided upon.

The fifth question had to do with the commencement of work on the old canal clean-up. This work will be started this autumn.

Finally, the hon. member asked if in my opinion we had too many men employed in his district during the last election, and I am very glad to assure him that we did not have too many men employed there but that we had too few shovels.

Mr. Chevrier: I take it that this means the operation and control of the Welland canal will now be entrusted to the St. Lawrence seaway authority.

Mr. Hees: Yes, that is correct.

Mr. Chevrier: I wish to bring to the attention of the minister a matter which was forcibly brought to my own attention just yesterday, and that is that the Department of Transport has built a new asphalt road on the north side of the Lachine canal which is being used, I am told, exclusively by the Montreal transportation commission for the operation of the buses which are now taking the place of the Montreal tramways. These buses serve Lachine and the surrounding municipalities.

This road was originally known as Le Chemin de Touage, and it was opened to the public, but since this asphalt road has been constructed it has been closed and it

is only by means of a pass that persons who, for instance, want to get to work at the Turcot yards of the Canadian National Railways or at Ville Saint-Pierre can get through. The point I am making is that although it is true that this is not public property but is owned by the Department of Transport, it does seem to me that it should not be closed to the public but rather that it should be used by the public as it was in the past. I know that the minister cannot be aware of all these things, but perhaps he would be good enough to bring it to the attention of his officers with that end in view.

Mr. Hees: Yes, Mr. Chairman, I will be very glad to do so.

Mr. Bourget: Could the minister give us a breakdown of item 418, just for construction?

Mr. Hees: Mr. Chairman, there are a great many items here, I think too many to give in any complete detail, but if the hon. member wishes I will be glad to give him the total monetary values by systems.

For the Cornwall system, $152,000; for Williamsburg, $142,500; for St. Peter's, Nova Scotia, $6,400; for Canso, Nova Scotia, $180,000; total covering Ontario, St. Lawrence and Nova Scotia systems of $465,400.

Mr. Bourget: In order to save the time of the committee, perhaps the minister might tell me if there are any big projects involved so far as construction is involved, let us say over $200,000?

Mr. Hees: Yes, the Lachine canal project is $500,000, but that is the only single item of any size.

Mr. Bourget: May I ask the minister if the plans and specifications are prepared for these works in the department or are they prepared outside of the department by consulting engineers or architects?

Mr. Hees: For large jobs such as the project I have just mentioned we employ an outside firm of engineers, but in the case of the smaller jobs the work is done by our own engineers.

Item agreed to.

Marine services—

421. Construction or acquisition of vessels and equipment, $22,230,000.

Mr. Chevrier: Mr. Chairman, this is a pretty large item, and I presume it has to do with the icebreakers which the minister mentioned earlier. Would he give us a breakdown of the number of vessels and the marine districts in which they will be used?

Mr. Hees: Yes, Mr. Chairman. The lighthouse supply and buoy vessel for St. John's Newfoundland agency has an estimated cost of $2,500,000—in this year's estimates the figure is $1 million. For the lighthouse supply and buoy vessel for Halifax agency, the estimated cost is $3,250,000—this year's estimates $1,850,000. The lighthouse supply and buoy vessel for Charlottetown agency, estimated cost $2 million—in this year's estimates $1 million. The lighthouse supply and buoy vessel Saint John, New Brunswick agency, estimated cost $1,500,000—in this year's estimates $900,000. An icebreaker for our northern areas, estimated cost $12 million—this year's estimates $5 million.

Mr. Chevrier: Based where, please?

Mr. Hees: It will be based in the lower St. Lawrence area.

Mr. Chevrier: Is that Halifax or Quebec?

Mr. Hees: We have not yet decided on the home port. An icebreaker, diesel electric, estimated cost $3,200,000—this year's estimates $2,050,000.

Mr. Chevrier: What district is that one for, please?

Mr. Hees: That will be based in the lower St. Lawrence and the gulf area, but we also have not as yet decided on the home port for that ship. Further details along the lines requested by the hon. gentleman are as follows: a lightship for the Quebec agency, estimated cost, $720,000—$600,000 in this year's estimates; a service vessel for the St. Lawrence ship channel service, estimated cost, $1,300,000—$1,150,000 in this year's estimates; a lighthouse supply and buoy vessel for the Sorel agency, estimated cost $1,500,000—there is a mistake there—the estimated cost for that ship is $700,000—$600,000 in this year's estimates; a survey and service vessel for the Sorel agency, $1 million—$600,000 in this year's estimates; a lighthouse supply and buoy vessel for the Parry Sound agency, $2,400,000—$1,500,000 in this year's estimates; a lighthouse supply and buoy vessel for the Prince Rupert, B.C. agency, $3,900,000—$2,340,000 in this year's estimates; a lighthouse supply and buoy vessel for the Victoria, B.C. agency, $2 million —$1 million in this year's estimates; workboats for Fort Smith, Northwest Territories Agency, $190,000 in this year's estimates; conversion and refit of the *Labrador,* $500,000 in this year's estimates: lightering equipment for northern resupply operations, $3,420,000 in this year's estimates; construction or acquisition of equipment, $30,000 in this year's estimates. That total amounts to $23,730,000, less $1,500,000 short fall, giving a total of $22,230,000.

Mr. Chevrier: I notice there is no supply or buoy vessel for either Quebec or Montreal districts.

Mr. Hees: We have just completed two ships for that area, the *Montcalm* and the *Montmorency*, and one of the new icebreakers which we are building will probably be used in that area.

Mr. Bourget: Looking at the details of this item on page 547, am I right in assuming that for all those ships tenders have been asked in the previous fiscal year?

Mr. Hees: All have been called by tender but some have been called in the present fiscal year.

Mr. Bourget: Can the minister give us a list of those ships for which tenders have been called this fiscal year?

Mr. Hees: I am advised that six were called last winter. The expenditure starts in the present fiscal year but they were actually called in the past fiscal year.

Mr. Chevrier: May I ask if any of these have been allocated through the Canadian maritime commission and the defence purchasing board?

Mr. Hees: No, Mr. Chairman.

Mr. Bourget: I remember that the minister some time during the last session gave us a list of ships for which tenders were asked—I think it was in February last. So I am wondering if the department had a new program for new ships in this present fiscal year.

Mr. Hees: There will probably be five new tenders called in this coming winter.

Item agreed to.

Aids to navigation—

422. Administration, operation and maintenance, including a contribution to the international association of lighthouse authorities in the amount of 2,000 Swiss francs, notwithstanding that payment may exceed or fall short of the estimated equivalent in Canadian dollars that is detailed in the estimates, $5,868,450.

Mr. Herridge: Because of the rapidly increasing traffic in small craft from the Grand Coulee dam on the Columbia in the United States to as far north as Revelstoke I would urge that every consideration be given to installing aids to navigation. There has been some improvement in recent years, but the minister probably knows the channel between the international boundary and Castlegar. In that channel there is a nine knot current with rocks at various places in the river and one has to follow a careful course in order to keep out of difficulty. There is also a need for good markers between Cottonwood point in the Narrows and West Demars also between Arrowhead and Revelstoke. I mention this on behalf of a number of local organizations and also on behalf of an increasing number of United States tourists who are using small craft and, in some cases, quite large cruisers on these waters.

About four years ago at the request of one of the captains on the steamer I took a trip down the whole river. I know the river like a book. He was interested to find out how many buoys and reflectors were missing. I found 11 buoys out of place in one very bad channel, and a number of shore reflectors were gone. The person who had been paid to do the work had apparently not been on the job for a year; he had not been near the buoys or the reflectors. That situation has now been corrected but I suggest that a thorough survey be made of the river in view of the increasing traffic and satisfactory aids to navigation should be put in which would be understood by persons operating small craft. I was wondering whether any chart is provided for the guidance of persons operating small craft coming from the United States containing information as to the meaning of the buoys—black, red or striped—or as to the meaning of certain reflectors, because a 100-foot deviation from the true channel could mean the wrecking of any one of these small vessels.

Mr. Hees: I will have to consult the Department of Mines and Technical Surveys who are in charge of the hydrographic survey to find out if such charts are available.

Mr. Herridge: In view of this very interesting and rapidly increasing traffic, if no chart is available could the minister see that some simple chart is provided for people coming up the river so they would know what the different markings mean?

Mr. Hees: I will ask about that.

Item agreed to.

426. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines and contributions as detailed in the estimates, $999,901.

Mr. Herridge: I am sorry to interrupt again, but I have been asked to bring this question to the attention of the minister. I want to speak on lifesaving equipment very briefly and ask a question or two. We all know that because of the great increase in the number of small craft on all the rivers and lakes of Canada there has been a necessity for legislation providing for regulations and licensing. This has created a very improved situation, and I want to compliment the minister and his officials on "Safety Afloat". I have distributed a goodly number around the

constituency to launch clubs and boat owners and people of that sort and they appreciated it very much.

However, I do want to say this: The present life jackets that are approved by the Department of Transport are not altogether satisfactory. They are satisfactory on large vessels where you have time to put them on and adjust and tie them but they are not satisfactory for use on small craft. In the first place they are most uncomfortable to wear all the time. Secondly, accidents in small craft occur very quickly and there is little or no time to tie the blasted things on. In addition to that I want to point out I have been informed by some ladies that they are most uncomfortable to wear in the boat and most difficult to adjust at times—to put it as delicately as possible—owing to the contours of their bodies. I have some experience in that field—I mean boating. I mention that seriously.

There is a type of jacket or vest without sleeves that can be worn with comfort. I make a point of having the family put these on. Not only are they comfortable but, as far as I know, they are practical and safe but I understand these vests or jackets are not approved or recommended by the department at the present time. I suggest that there should be some further study made of the value of these jackets and with regard to their being recommended to the public at large as well as with respect to their improvement.

In recent months in Canada there have been a number of cases where persons were found drowned on account of accidents in small boats and who were discovered in the water wearing the standard type of life jacket but put on improperly; their heads were in the water, and so on. It is a serious matter and I believe the department should give further consideration to it and educate the public to understand that these vests or jackets are approved by the department and are the best thing to wear. The department should urge people to wear them when boating. If this were done I believe we would reduce the number of deaths through boating accidents.

Mr. Hees: Mr. Chairman, I should like to answer the hon. member on that question.

Mr. Chevrier: I shouldn't!

Mr. Hees: I believe the answer is that if people are going out in small craft in dangerous weather that is rough or windy they should put on their life jackets before they go out. Secondly, we try to bring this to the attention of the public in our booklet entitled, "Safety Afloat". Thirdly, we have a committee of the department which is working constantly with the boating industry and the manufacturers of life-saving equipment in an attempt to work out better designs for life jackets and life-saving equipment.

Item agreed to.

427. Marine reporting service, $157,734.

Mr. Bourget: Mr. Chairman, before we complete the marine service item I wonder if the minister could tell us if it is the intention of the department to build an extension to the King's wharf in Quebec city which project was commenced under the program of the previous administration?

Mr. Hees: It is the Queen's wharf, Mr. Chairman, and the answer is yes.

Item agreed to.

Railway and steamship services—

432. Newfoundland ferry and terminals, $3,637,000.

Mr. Tucker: Does this item include Bell Island in Newfoundland?

Mr. Hees: No, it does not include the Bell Island service. This is a service carried out by the C.N.R. for the government.

Mr. Carter: Mr. Chairman, what is the relationship between vote 432 and vote 436? Would the minister explain that?

Mr. Hees: Mr. Chairman, vote 432 is the operating deficit for those ferries; vote 436 is the construction vote.

Mr. Carter: That is what I wanted to get at, Mr. Chairman. Vote 432 is the operating deficit. That deficit is charged to the Newfoundland ferry but it covers payments other than for the *William Carson*. Any one glancing at this item would assume that $3,637,000 was the deficit on the *William Carson* and it is nothing of the sort. I should like the minister to clarify that further.

Mr. Hees: It covers the deficit on 15 different ships, Mr. Chairman.

Mr. Carter: Mr. Chairman, earlier today I asked the minister if he could give a breakdown of the cost of the *William Carson* and the harbour improvement at Port aux Basques.

Mr. Hees: Yes, Mr. Chairman. The cost of the *William Carson* was $10,959,429. The cost of the new Port aux Basques dock and terminal facilities is $5,538,131 and for the North Sydney dock and terminal facilities, $3,572,236.

Mr. Carter: And the harbour construction and improvements at Port aux Basques?

Mr. Hees: That comes under the Department of Public Works. It does not come under the votes of this department.

Mr. Tucker: Mr. Chairman, I understand the *William Carson* made a trial run last Tuesday. Could the minister inform the committee if the run was successful and when the ship will take up her scheduled run?

Mr. Hees: Mr. Chairman, the first run of the *Carson* was a success but it was carried out in calm weather and it will be necessary to conduct further trials in all types of weather. If these trials prove successful it is hoped to start the regular service later in the year and just as soon as possible.

Item agreed to.

Strait of Canso—

433. Transportation improvements and facilities, $15,000.

Mr. Chevrier: Mr. Chairman, I have a question with reference to this and the three following items, the strait of Canso, the enlargement of the dock and terminal facilities at North Sydney and the other little item. Is this the last amount required for the Canso causeway, the enlargement of the docks at North Sydney and the like?

Mr. Hees: This is the maintenance vote which we are required to pay to the province of Nova Scotia and we expect to carry some of it next year. It is a three-year agreement. That will be the end of it.

Item agreed to.

The Acting Chairman (Mr. McGee): Shall 438 carry?

Some hon. Members: Ten o'clock.

Mr. Hees: Let us carry on.

Some hon. Members: Ten o'clock.

Mr. Hees: Might it not be possible to carry on for a little while? Things have dragged pretty heavily today.

The Acting Chairman (Mr. McGee): Is there unanimous consent to continue for a reasonably short period of time?

Some hon. Members: Ten o'clock.

The Acting Chairman (Mr. McGee): If there is any question in anybody's mind, the last item that carried was 437.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the acting house leader what the business will be tomorrow and also what legislation we will take up on Monday?

Mr. Churchill: For tomorrow, Mr. Speaker, we will carry on with estimates, taking the Department of Transport followed by the Post Office Department, the remaining items under trade and commerce and public works and then the Department of Finance. On Monday the legislative program will be as follows: The first item will be No. 9 on today's order paper, the resolution dealing with the South Saskatchewan river project; next will be item No. 1 on today's order paper, Bill No. C-52, an act to amend the Railway Act; that will be followed by item No. 5 on today's order paper, Bill No. C-57, an act to approve certain expenditures relating to the financial year which ended on March 31, 1958; and then item No. 4 on today's order paper, Bill No. C-51, an act to amend the Customs Act.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

A—Department—

414. Departmental administration, $2,144,060.

415. The St. Lawrence river joint board of engineers—Canadian section, $132,090.

Canal services—

416. Administration, $162,855.

417. Operation and maintenance, $7,265,295.

418. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions toward construction done by those bodies, $2,531,177.

Marine services—

419. Marine services administration including agencies, $812,360.

Marine service steamers—

420. Administration, operation and maintenance, $13,689,553.

421. Construction or acquisition of vessels and equipment, $22,230,000.

Aids to navigation—

422. Administration, operation and maintenance, including a contribution to the international association of lighthouse authorities in the amount of 2,000 Swiss francs, notwithstanding that payment may exceed or fall short of the estimated equivalent in Canadian dollars that is detailed in the estimates, $5,868,450.

423. Construction or acquisition of buildings, works, land and equipment, $3,681,000.

424. Nautical services—administration, operation and maintenance, including grants and contributions as detailed in the estimates; rewards for saving life from vessels in distress; subsidy to a salvage company; and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act, $546,871.

425. Pilotage service—administration, operation and maintenance, including authority for temporary recoverable advances not exceeding $20,000, $720,258.

426. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines and contributions as detailed in the estimates, $999,901.

427. Marine reporting service, $157,734.

Ship channel service—St. Lawrence and Saguenay rivers—

428. Administration, operation and maintenance, $2,014,946.

429. Contract dredging, including acquisition of land for ship channel improvement, $4,094,685.

Railway and steamship services—

430. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $59,820.

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1958—

431. Prince Edward Island car ferry and terminals, $1,963,000.

432. Newfoundland ferry and terminals, $3,637,000.

Strait of Canso—

433. Transportation improvements and facilities, $15,000.

434. Causeway maintenance, $10,000.

435. Enlargement of dock and terminal facilities at North Sydney, Nova Scotia, $65,000.

436. Construction of new dock and terminal facilities at Port aux Basques, Newfoundland, $185,000.

437. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that Treasury Board may increase or decrease the amount within the vote to be expended upon individual listed projects, $1,025,000.

HOUSE OF COMMONS

Saturday, August 30, 1958

The house met at eleven o'clock.

SUPPLEMENTARY ESTIMATES, 1958-59

A message from His Excellency the Governor General transmitting further supplementary estimates (1) for the financial year ending March 31, 1959, was presented by Hon. Donald M. Fleming (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

MISCELLANEOUS PRIVATE BILLS

Seventeenth report of standing committee on miscellaneous private bills.—Mr. McCleave.

IMMIGRATION

LIST OF OCCUPATIONS FOR PLACEMENT IN CANADA

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, in the course of discussion of the estimates the hon. member for Bonavista-Twillingate asked to be provided with a list of occupations for which immigrants were being selected for placement anywhere in Canada. I have now had this list prepared and, in accordance with his request, to be found at page 4205 of *Hansard,* I ask leave to table it.

AGRICULTURE

STATEMENT BY PRIME MINISTER ON GOVERNMENT POLICY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if the house would give me leave to do so I should like to make a statement arising out of a number of requests made by the hon. member for Assiniboia and others relative to the question of agriculture and what is intended to be done at the present session, as well as a general outline of that problem. I am not going into what has been done to date in connection with the development of a national agricultural program. What I intend to do is refer to one of the items in the further supplementary estimates which were tabled this morning by the Minister of Finance.

In regard to the general situation in respect of western agriculture, we made a beginning with a national agricultural program at the last session, but some of the basic problems of Canadian agriculture will yield only to long range solutions. As I see it, and I think the members of this house will agree, the need is for a sound, comprehensive and co-ordinated program to attack specific problems and meet specific needs, but in developing a national agricultural policy we have found it necessary to deal with specific regional problems.

Our concept of a national policy is based on the belief that the national welfare demands positive action to meet the basic causes of distress and maladjustment in particular industries and regions. The agricultural policy divides itself naturally into two parts, the one being national in scope and the other being primarily concerned with specific regional problems which nevertheless form a necessary part of a national agricultural policy. In other words, regional policies must not be in conflict with but must be an integral part of the national policy.

Among the more difficult of these regional problems are those concerned with the prairie grain producers. Over the years the prairie farmer has experienced a succession of good times and bad. I have seen that situation at first hand from the time my people first went into the western provinces in 1903, and during that period of time there have been times of high income and times of low income. There have been years of almost complete crop failure and years of abundant crops. The most outstanding characteristic of the prairie farm income situation since the opening of the prairie provinces has been the variability of income. Technological improvements and marketing techniques have tended to reduce some of this variability, but as one endeavours to look into the future it would appear that this condition will remain in the western farm economy.

Averages are often used, but the use of averages in relation to farm income conceals the real problem of a large proportion of prairie farmers who are operating small farm units. While during the years 1955 and 1956, the income of the prairie farmer in general declined markedly from the level of the period from 1945 to 1952, it has been the small farmers particularly who have experienced real hardship. These farmers, whose costs of production are much higher than those on the larger farms, have lacked the necessary income to provide the essentials which have become part of an acceptable Canadian level of living.

It is therefore this problem of the small farmer, together with the general problem of the variability of farm income, which the government seeks to meet through a comprehensive farm program. During the last twelve months the government has received representations from western farm organizations with regard to deficiency payments on grain for the crop years 1955-56 and 1956-57. This problem has received the most careful consideration, in fact none which has been before us has received greater care, and a most exhaustive study has been made of all the factors involved.

The government has come to the conclusion that deficiency payments, however attractive they appear to be at first glance, would not provide a solution to the problems facing prairie agriculture but would indeed create new problems. Deficiency payments applied to deliveries of grain would fail to help those producers most in need and, if adopted, would require very large subsidies from the treasury, would inevitably lead to increased surpluses and would add further burdens in financing the disposal of those surpluses. Such payments would tend to impede essential adjustments to changing conditions of technology and demand which are essential both to the welfare of the producers and the health of the Canadian economy as a whole.

It is obvious, furthermore, that the greatest benefit from such payments would accrue to the large producer rather than to the small farmer upon whom the situation which has prevailed during the past years presses most heavily. If such payments were made on wheat alone it would constitute discrimination against the oats and barley producers, would encourage farmers to put their acreage into wheat, and would be an encouragement to additional surpluses of wheat. If such payments were made on oats and barley there is an extremely likely possibility that the United States would react in one of two ways, exclude Canadian oats and barley from their markets or place countervailing duties against them equal to the amount of the deficiency payment made. This could be particularly serious in connection with our large exports of grain to the United States, which in 1956-57 accounted for 96 per cent of our export trade in oats and 25 per cent of our barley exports.

For these general reasons we have come to the conclusion that deficiency payments to producers are not in the long run interest of either the western grain producer or the nation as a whole. It is therefore evident that the solution—not capable, of course, of achievement by a short run method—must be looked for in a long range program aimed at providing the maximum benefit to the largest number of farmers. And of the 230,000 farm units in western Canada, approximately 63 per cent are family farm units of under 300 acres utilized for the production of grain.

Keeping in mind the needs of the majority of western farmers, the government will be submitting legislation to parliament at subsequent sessions to bring about a broad coordinated program aimed at the basic problems, namely the problem of the small farm and the problem of variability of income. This is not merely a western Canadian problem. The impact of variability in prairie farm income is felt beyond the local community. Industries which supply agriculture with production materials and equipment and those which transport, process and distribute farm products are affected as well. Serious crop failures which result in major reduction in income to western grain producers have had serious, direct and immediate repercussions on industrial activity and employment in eastern Canada. It is apparent, therefore, that a program which will bring greater stability to the income of prairie grain producers and, indeed, to farmers across the nation, is clearly in the interest of the economy as a whole.

The government therefore intends to bring into being the following far-reaching and comprehensive program designed to fill some of the gaps in our national agricultural policy which, among other things, will provide for the particular needs of western grain producers.

First, the government proposes, subject to approval by parliament at the next session, to continue the fund to assist in the export of surplus wheat stocks to non-commercial markets under the Colombo plan so as to assure the continuance of the full scale sales promotion and market development program which has been in effect during the past year. Indeed, I may say this: that one thing of which Canadians as a whole can be proud is the fact that during the past year, a difficult one for exports of wheat, Canada's exports have increased while those of other exporting countries of the world have decreased.

During the past year $50 million was taken up under this plan for assistance in securing non-commercial markets in non-commercial market areas. There are still sufficient funds available for the purpose of carrying on until the next session of parliament. In the meantime the Department of Trade and Commerce will continue without interruption an intensive program of extending markets for wheat which has been so successful during the last year.

Second, the government is studying in consultation with the provinces, and hopes as a

result of this study of this very complex and difficult problem to introduce at the next session of parliament, legislation in co-operation with the provinces which are prepared to join, to provide for a comprehensive crop insurance program. It has been one of the demands of farmers in general throughout the years that something be done to protect within reason against the uncertainties to which agriculture is subjected.

Third, in recognition of the recurring hazard of drought to the stability of livestock production in the prairie provinces, the government has taken steps to provide assistance to provincial governments, which have the prime responsibility for meeting the needs of feed deficit areas, and is giving sympathetic study to the establishment, under provincial administration but with federal financial assistance, of a forage bank program under which farmers will receive certain incentives to put up forage as a reserve against an emergency situation.

Fourth, the government is presently engaged in a comprehensive study and review of the Canadian Farm Loan Act, the Farm Improvement Loans Act, and the Veterans' Land Act, with a view to determining where enlargement of scope, expansion in function, or improvement in methods of operation may be required. Pending the establishment of improved agricultural credit facilities on a reorganized basis, the government has already taken steps to meet the demand on the part of farmers throughout Canada for increased credit through amendments to the Canadian Farm Loan Act which have increased the authorized capital of the Canadian farm loan board from $4 million to $6 million and its lending capacity from $80 million to $120 million.

Fifth, as a means of meeting the small farm problem the government has under consideration ways and means of improving the level of living for farmers on small farms by means of better land use, encouraging the formation of economic family farm units, improving technical training, extending unemployment insurance benefits to certain classes of farm workers, and by extending the vocational and technical training agreement for the benefit of those who wish to enter new occupations.

Sixth, plans are already under way for a national conservation conference, which will have important and far-reaching effects. Canadian farmers will, of course, be helped substantially through the protection given their capital resources by this national conservation program.

As I said before, the basic problems of Canadian agriculture will yield only to long range solutions. Unavoidably some time must elapse before these long range solutions can be fully implemented and their benefits made available to farmers. This proposal is an endeavour to give some temporary assistance on as equitable a basis as possible.

For a long time certain producer organizations have been advocating a two-price system for wheat, having in mind a domestic price considerably higher than the selling price of wheat for export. It is noted that the proposal applies only to wheat for human consumption. This is a proper limitation, because any attempt to impose a domestic price on wheat for feeding purposes would simply destroy the market and cause feeders to use other grains or feed products as a substitute.

There are those who feel that the establishment of a high domestic price would leave Canada in a vulnerable position if this country desires restraint on the part of other countries which subsidize wheat exports. They would argue that as long as Canada is selling wheat to domestic consumers at the same prices at which it is selling wheat abroad, no one can criticize the basis of our participation in export markets.

On the other hand, farm organizations over the years have contended that the Canadian consumer has been getting wheat too cheaply. Just as other producers expect a fair market price for their goods, so the Canadian wheat producer should receive a fair price for the wheat sold in the domestic market. That has been the general contention through the years.

Over a seven-year period the average domestic human consumption of wheat has been 45 million bushels. This is only 10 per cent of the total annual disposition of western wheat. An increase of 50 cents per bushel in the price of wheat for domestic consumption would be reflected in an increase of only 6.5 cents per bushel on the basis of total marketings. To achieve this would require a contribution to be made by parliament to the wheat board, or it would result in an estimated increase to the consumer of 2 cents per loaf of bread. Such a contribution would amount to a figure considerably lower than that which is proposed for this year only, namely the provision in the further supplementary estimates for payments to western grain producers of $1 per acre up to a maximum of 200 acres per farm in accordance with regulations of the governor in council, the amount of that distribution to be $40 million. This amount, which is designed to meet the needs of the small farmer, will be distributed by the Canadian wheat board to producers on the basis of $1 per specified acre, including acreage seeded to flax, up to a maximum of 200 acres.

Agriculture—Government Policy

A situation of emergency has developed in the western provinces which has created hardship, particularly among a large proportion of farmers whose operations are on a relatively small scale.

The long range plans now being formulated by the government will be instituted as soon as possible. They will constitute a truly national program. Several of these measures are designed to meet the particular regional problems of western farmers. The others are truly national in application and will be a potential source of help to every farmer in Canada, as has been the legislation so far introduced in connection with the Agricultural Stabilization Act. What we are trying to do is establish a concept of national policy designed to ensure equality of opportunity for all Canadians.

Continuing efforts will be made to maintain the primary industry of agriculture, and I can say that at all times we are prepared to consider proposals which will add to the completeness and effectiveness of the program, at all times, too, considering the national interest.

The immediate and long-term approach to the basic problem facing Canadian farmers is a recognition of the fact that the prosperity of Canada is indivisible and that a reasonably high and stable level of income in Canadian agriculture adds to the welfare of all Canadians. The variability of farm income in all parts of Canada—and I speak now particularly, in view of this provision in the supplementary estimates, of western Canada—affects industries which supply agriculture with production materials and equipment and those which transport, process and distribute farm products. Serious crop failures result in major reductions in income to western grain producers and in turn result in serious direct and immediate repercussions in industrial activities and employment in eastern Canada and in other parts of Canada. It is apparent that a program which will bring a greater stability to the income of prairie grain producers, and indeed of farmers across the nation, is in the interests of the Canadian economy as a whole.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Prime Minister has made a very important and comprehensive statement on a very important aspect of our economy, and it is not easy to deal at this time with all the points he raised. He has announced today certain short range action that is to assist grain producers in the west, and he has also indicated some long range policies that the government proposes to follow to assist agriculture.

So far as the first announcement is concerned, we recognize that there has been a growing gap between what the grain producer receives for his produce and what he has to pay for the instruments of production. We are quite sure, on this side, that the grain producers, with that problem before them, will welcome this particular assistance, will welcome this particular grant though they may be disappointed in the amount. I have no doubt that when my hon. friend from Assiniboia gets up immediately after I conclude he will call it peanuts.

Mr. Argue: I did that a couple of days ago. I shall call it a pittance today.

Mr. Pearson: Perhaps he may even refer to it as salted peanuts. However, though this may be disappointing to the grain producers, I think it has one provision that is to be welcomed; that the amount of $1 per acre shall be paid on a maximum of 200 acres, so that the very large grain growers will not benefit disproportionately to the smaller farmers.

This problem of our western grain producers is a regional problem, but it is also a problem of national importance. It seems to me that it has to be solved in a way which will keep the balance among all primary producers in this country. Otherwise the solution will not be permanent and will not redound to the national advantage as it should. While I have said that the grain producers will welcome this grant, though they may consider it too small, and it will help them up to a point to meet their special problems, there are other primary producers in this country who will undoubtedly relate this kind of assistance to their own difficulties. I am thinking particularly at this moment of the fisherman who has also had his hard times, and who perhaps will look with a certain amount of envy to this kind of action taken by the government for the grain producers.

All this means is that any action of this kind, desirable and worthy though it may be, which assists one segment of our producers, has to be kept in equitable balance with the other elements of primary production in this country or there will not be the good results that should follow from it. This means, surely, that assistance of this kind to primary producers of one type or another, to be effective and to have long range value, should be based on sound principles which can be applied to other primary producers.

This particular action, because it is a grant and is not based on any such principle—it is not based on the principle of parity prices or on any formula of deficiency payments; indeed, if I understood the Prime Minister

aright he has rejected the deficiency payment formula as the solution to the problem of our grain producers in the west—does not meet that test.

I agree with the Prime Minister when he pointed out that in the adoption and application of any formula of this kind to assist primary producers one has to be particularly careful to meet two requirements; one, not to take action which will result in a burdensome surplus which, in the long run, may hurt the producer as much as the immediate aid may help him; and second, not to take the kind of action—the Prime Minister referred to oats where such a high percentage of our crop goes to the United States, and he was using a good illustration—the kind of governmental assistance which may result in retaliation in the market to which we export our products.

I agree, therefore, that any kind of principle that may be adopted has to keep these two things in mind, but I do reiterate that there should be some principle behind assistance of this kind. Nevertheless, in so far as this action will assist, for the time being, the grain producers of the west to meet their special problems, we welcome it.

Then the Prime Minister went on to talk about some long range policies for agriculture which his government has in mind. He spoke with some satisfaction over the position in regard to wheat exports and what is going to be done to maintain and perhaps improve that position in the years ahead. It is quite true, and I think all Canadians must get a great deal of satisfaction from it, that our wheat exports have held up remarkably well this year, and in fact have increased in volume. It is true also that one reason for that increase is the export to these non-commercial markets about which the Prime Minister spoke, particularly under the Colombo plan. We welcome his statement that that policy is to be continued with increasing effectiveness, we hope, next year, so that even more wheat may be exported for that particular purpose.

But while that is true, and while good results may have been achieved in this regard this year and our wheat exports may have been increased, it must be remembered that this was due in part to this increase in the exports to non-commercial markets. It was due also to the fact that some other countries which normally export wheat had small crops. Perhaps also it is something to be kept in mind that the United States, in spite of all the devices which have been adopted to push wheat into world markets, such as barter, sales for local currency, gifts, and long term easy credit, was not able to increase its wheat sales in the last year. Perhaps there is a moral to be drawn from that which we could use in this country. It would be this, that the greater the steps taken to force wheat on the world markets in terms which are other than commercial, the more difficult it will be to sell your wheat on commercial terms. That is something which has to be kept in mind in our wheat export policy.

The Prime Minister mentioned also that consideration is being given to a system of national crop insurance in co-operation with the provinces. We shall follow these developments with great interest, because nothing could be of greater importance to agriculture than to be protected in the way he has suggested. He mentioned also the importance of agricultural credit. We on this side have for some time been advocating the consolidation and unification of all the agricultural credit facilities of the government. I know that consideration is being given to this by the government, and we shall hope there will be some results from that consideration at the next session.

Not only will it be desirable to have this kind of consolidation of agricultural credit in the interests of the farmer himself, but even more important may be the establishment of an agricultural export bank or even an export bank not limited to agriculture, to help in the way that has been done in the United States. I would say that this development of agricultural credit which the Prime Minister has mentioned has a very direct connection also with the importance of land use. The two should be tied together in this connection. Perhaps it is not inappropriate to mention that the former government set up a committee of the Senate to study this question of land use, from which good results may follow.

Today we have been confronted with an announcement by the government of short range action and a policy of long range importance. Speaking for our party, we hope the long range policy will enable agriculture to obtain its fair share of the national income, because without that there can be no prosperity in this country. We hope the long range policy will be more effective in accomplishing those objectives than the short range action to assist the grain producers at this time.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I listened with a great deal of interest to the very long statement that has been made by the Prime Minister. When a statement is made on motions, the length of the statement seems to be in inverse ratio to the acceptability of the announcement. If it is an excellent announcement it can be dealt with very quickly. If it is an announcement which

is likely to be met with a good deal of criticism, then of course it is a long statement and one has to drag in a good many other things in an attempt to muddy the statement and so confuse the people who are being affected.

This statement is not new, Mr. Speaker. This $1 an acre is not new. This is another famous repetition, as we have seen so many times this session, of the press getting a very important leak from the cabinet. Whether it is a leak that is reported as a newspaper story or whether it is a document or some other matter, the press seem to be most efficient at getting advance information. Hence, with advance information in this instant having been given to the country, we are by this time able to get at least an indication of the reaction of the producers who are mainly affected, I have in my hand the Winnipeg *Free Press* of Thursday, August 28.

Some hon. Members: Oh, oh.

Mr. Argue: Hon. members may keep on laughing if they like. It has a story by Peter Thomson on the front page and it is quoting James Patterson, the president of the interprovincial farm union council. Mr. Patterson has referred to the $1 per acre and the $200 maximum as "a pittance". He says it will not in any way meet the needs of the prairie producers. He also says:

> We certainly expected something reasonable . . . and the $25 million—

Now it is $40 million.

> —falls far short . . . It takes a long time to pay bills with nickels.

I could go on to other parts of the article such as this:

> It will give the farmer a little "spending money" said Mr. Patterson, and the government apparently thinks that will settle matters for a while.

The farm organizations across this nation have taken the position that agricultural producers, when they are efficient, should obtain a standard of living comparable to that of other people in similiar or comparable occupations. Hence farmers over the years have asked for parity prices, prices that will give the producers a fair share of the national income. Until recent months they had believed that this government believed in parity prices. They had the statements by the Prime Minister on many occasions when he was in the opposition. They had on record of the Canadian House of Commons motions by the Prime Minister asking for parity prices. But when the Prime Minister was in a position to bring about parity prices, parity prices were dropped. Then deficiency payments became the accepted policy. We have the Agricultural Stabilization Act, and certainly a paramount feature of that act, and a continuing feature, has been the making of deficiency payments. Only this week the Minister of Agriculture, in an announcement that we all welcomed, suggested that deficiency payments would be provided to the peach industry on a certain formula. But in this announcement the government's position is one of opposition to deficiency payments. Instead of deficiency payments we have a payment of $1 per acre up to $200. A $200 payment, Mr. Speaker, while of some value—the value of $200—will go no real distance in allowing the farmer to pay his bills, to provide his family with a reasonable standard of living and to replace his equipment when it wears out.

The farm organizations on the prairies have taken the stand that deficiency payments should be made. The farm organizations are united in that policy; and not only are the farm organizations united on it but organizations representing people generally on the prairies are in full support of this idea. The Saskatchewan wheat pool has perhaps spearheaded the drive, with full support from other farm organizations and all major organizations on the prairies. They have asked for a payment on wheat of 22 cents at least for 1955-56 and 36 cents for 1956-57, with comparable payments of 14 and 15 cents on oats and 14 and 22 cents on barley.

These deficiency payments which the farmers' organizations have requested have been worked out in an exact manner with a definite formula. They have taken the crop years from August 1, 1947 to July 31, 1955. They have averaged out the payments the farmers have received in that time, and they have said that the payments that are now made on wheat, oats and barley should be brought up to that level, that is deficiency payments of that amount. They point out that since 1947 the farmer's cost of production has gone up by 50 per cent but the price of wheat has dropped by 21 per cent. They are not asking that their position be maintained by restoring the position they had in 1947. They are not asking for a deficiency payment which would be based on the cost of production or a parity price. However, they are asking that in the years ahead they shall not receive, even with the cost having gone up a large amount, less than the average price they received in that eight-year period.

These farm organizations are very serious in this request. I do not think the $200 per farm, which amounts in total to something less than 10 per cent of the total amount of deficiency payments the farmers have asked for these two years, will in any way satisfy

these organizations or will in any way reduce their efforts to obtain a square deal for their members.

A great deal of sympathy is being expressed for the small farmer. Hence the payments, they say, are being kept to a maximum of $200 on 200 acres. I think we should be helping the average farmer including the small farmer. The average farm in Saskatchewan today is of about 500 cultivated acres.

Mr. Harkness: No.

Mr. Argue: The Minister of Agriculture can make his speech also. It is about 500 cultivated acres.

Mr. Harkness: That is absolutely wrong.

Mr. Argue: I am talking about the mean average.

Mr. Harkness: That is absolutely wrong.

Mr. Argue: The Minister of Agriculture has been wrong so many times that I do not mind his being wrong again. Mr. Speaker, the average is very much higher than the 200 acres that is being set as this small limit. In asking for deficiency payments the farm organizations have not said the government should pay large sums of money to large farms. They have said there should be a maximum. They have said that the maximum should be not $200 but $1,500, and that it should be paid on a bushel basis.

I was also disappointed in the stand taken by the Leader of the Opposition. He did not come out four-square for deficiency payments. He did not come out against them, either. He took a diplomatic position, leaning first to one side and then to the other side. He wanted to be sure, along with the Prime Minister, that any action taken would not result in burdensome surpluses. All I can say to both those hon. gentlemen is that if they think the kind of payments which have been requested by farm organizations would increase burdensome surpluses, they are mistaken. The acreage which would be seeded to those grains in the prairies is a stable acreage; it changes very little. The farmer's pattern of seeding has not changed appreciably over the years. The present Minister of Trade and Commerce and other ministers of trade and commerce have pointed out so many times that it was not a huge expansion of Canadian wheat acreage which had brought about our surpluses, and so deficiency payments of the order asked for by farm organizations will not add to our burdensome surpluses because the acreage which is now being seeded to grains will in general continue to be seeded to those grains in the future.

The Prime Minister has intimated that the government has some other aspects of this farm program in view; he has talked about a surplus disposal program. We in the C.C.F. have asked for a surplus disposal program for many, many years, and when Washington was being roundly condemned for its so-called giveaways, we said it might be a better use of Canada's energy if it were spent at least in part in developing our own surplus disposal program.

As far as crop insurance is concerned, I have studied this question rather thoroughly over the years, and it is a difficult question. There are many problems connected with crop insurance; and if we are going to make crop insurance actuarially sound on an individual farm basis, as they have endeavoured to do in the United States, it means that the premium which an individual farmer must pay in the high risk areas becomes so great that it is almost impossible for him to meet his payments. Therefore any system of crop insurance cannot be the type of insurance about which we ordinarily speak, but must be a type of crop failure protection or crop failure assistance which will be supported by governments before it can be successful.

The Prairie Farm Assistance Act has been amended from time to time in this house. I think it is a good act and that it should be expanded. I would like to see the maximum payment, as I have said already during this session, increased to $10 per acre in keeping with today's costs of production and the other payments in the schedule set at varying amounts in accordance with that maximum. If this were done, along with increased contributions from the producers themselves and increased contributions from the treasury, we would have the type of crop failure protection which would give real financial protection to the farmer when his crop failed, and would not have attached to it the great many difficulties which ordinarily go with crop insurance.

The announcement that farmers will now be paid up to a maximum of $200, which means that most farmers will receive $200, in no way removes the necessity to keep on working for deficiency payments, to keep on working for payments based on a formula and to keep on working for a permanent policy, and not to be in any way satisfied with what amounts to a one shot affair, the $40 million put into the supplementary estimates for this year. This is not a permanent policy, this $40 million item in the estimates. We would naturally welcome any continuation of this as a permanent policy, but it seems most inadequate to keep the producers in a state of suspense by saying, "We will give you $40 million this year as a supplementary item and we will leave these other things over to a later date".

Agriculture—Government Policy

The Leader of the Opposition has said there should be a comprehensive policy for all sections of the country; he has also said that the fishermen may look somewhat critically—I do not want to misinterpret him—at this legislation, or may look at it with some envy. I have every sympathy for the fishermen as primary producers and I would certainly support, as would the C.C.F. group, any and every measure to help the fishermen of this country; but I hope we will not hear in this house members who represent ridings in which fishing is very important opposing this legislation because it does not give anything for the fishermen.

I realize, as do other members, that the fishermen today can obtain unemployment insurance under certain circumstances, while the grain producer cannot do so. The fishermen can obtain loans through their co-operatives under the fishermen's loan act, while Canadian grain producers are not able to obtain loans from co-operatives under the farm loan legislation. There is certain beneficial legislation which the fishermen now have which the grain producers do not have. We do not object to that; we are merely anxious that the benefits which today apply to fishermen may be obtained by grain producers and indeed by all producers. That is the position we take.

This $40 million will mean $200 in assistance to each qualifying producer, but in all seriousness I feel the amount is most inadequate, and that it is not a fulfilment of the statement by the Prime Minister that sympathetic consideration would be given to deficiency payments, or the statement by the Minister of Northern Affairs and National Resources that the government was going to provide a revolutionary farm program which would include deficiency payments on western grain.

[*Later:*]

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Prime Minister. He has referred to the suggested payments to be made on specified acreage, and indicated that flax will be included. Will rape seed and grass seed come under the specified acreage as well?

Mr. Diefenbaker: The only acreage that would be comprehended by the payment would be that mentioned in the permit book.

[*Later:*]

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I wonder if you would inform the new hon. members of the house under what rule of privilege the hon. member for Assiniboia is allowed to rise and speak on the first order of business. I have looked through the books and can find nothing which says that anyone other than the Leader of the Opposition should rise. If it is done through an agreement among the different parties in this house I would suggest that the hon. member for Assiniboia abused that privilege when he did what he did this morning, rose and made a long political speech.

[Mr. Argue.]

Mr. Speaker: Order. If the hon. member has a point of order to raise which is to take objection to anything that is being done in the house, he should do it at the time. I shall be glad to discuss the matter privately with the hon. member, but it is not my function to answer questions from the chair.

Mr. McIntosh: Mr. Speaker, may I ask the Prime Minister if he would correct the inference he apparently left this morning when he opened with the remark that he was replying to a question asked by the hon. member for Assiniboia. It would appear that his whole program was outlined because the hon. member for Assiniboia asked a question.

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman left out two words; I said "the hon. member for Assiniboia and others".

EXTERNAL AFFAIRS

COMMUNIST CHINA—REPORTED ATTACKS ON NATIONALIST ISLANDS—CANADIAN POSITION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to address a question to the Secretary of State for External Affairs arising out of the tense situation in the Formosa straits. Has the position of the Canadian government, which the minister stated the other day is one of non-involvement, again been brought to the attention of the United States government?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thank the Leader of the Opposition for having advised me of his intention to ask this question. As hon. members will recall, I stated in this house on August 25 that the Canadian government had no commitment to involve itself in a dispute between the two Chinese authorities in the Taiwan straits. This statement has been drawn to the attention of the authorities in Washington with whom we are in constant touch with respect to the situation on the China coast, and I have no doubt whatever that they fully understand our attitude on this matter.

We are keeping a close watch on the Chinese situation which, I must inform the house, gives continuing cause for concern. I do not think that it is possible to evaluate the intentions of the Chinese communist regime at this time, but we greatly hope that the consequences of precipitate action are understood by all concerned and that they will exercise restraint.

ICELAND—RESULT OF NATO INTERVENTION IN DISPUTE WITH UNITED KINGDOM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Secretary of State for External Affairs a question arising out of the report in the press that the NATO council has been considering the deplorable dispute between the United Kingdom and Iceland on territorial waters and fisheries rights, and that this consideration has resulted in no solution of the problem. I should like to know if this report is true, and what stand the Canadian representative at NATO took in regard to this matter.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I have endeavoured to make clear that Canada does not favour the taking of unilateral action by states in respect of fishing zones so long as there is hope that a new international conference on the law of the sea will be convened in the near future to deal with the question of territorial sea and fishing rights.

The Geneva conference adopted a resolution that will be presented to the next regular meeting of the general assembly to the effect that the United Nations should authorize forthwith the holding of another conference as soon as possible. We will, of course, support that resolution in the 13th session of the general assembly. We have hoped, and we still continue to hope, that both the United Kingdom and Iceland will come to some mutual understanding and thereby resolve their differences, or to postpone consideration of their differences until they can be dealt with by such a new international conference.

We are anxious about this dispute between the United Kingdom and Iceland. I can inform the house that we have expressed our anxiety in this regard to the governments directly concerned; that is the Canadian attitude.

To refer more closely to the question of the Leader of the Opposition as addressed to me, I can inform the house that recently under the auspices and under the direction of the NATO council, regional meetings at the expert level of the parties directly concerned were held. Since Canada is not in the region we were not represented at these meetings. My information is that the negotiations at the last regional meeting broke down, but I must inform the house that I too have to rely, as the Leader of the Opposition does, on reading the newspapers for the details.

PRIVILEGE

MR. PRATT—REFERENCE TO ARTICLE IN OTTAWA "CITIZEN" AND ON C.B.C. TELECAST

On the orders of the day:

Mr. John Pratt (Jacques Cartier-Lasalle): On a question of privilege, Mr. Speaker, I wish to take exception to an article written by Bruce Phillips of the Southam news services which appeared in the Ottawa *Citizen* on Friday, August 29, 1958 in reference to conduct of the inquiry by the public accounts committee into the cost of the printing bureau in Hull. This article says in part:

> The catalogue of chippy remarks made by inquisitors on the committee is almost unending. Typical are those of Walker, who said he doubted whether architect Ernest Cormier would ever get another job, and Conservative John Pratt, also an architect, who accused Mr. Cormier of submitting "phony plans."

The remarks attributed to me in this article are completely false. At no time have I criticized Mr. Cormier's plans—

Some hon. Members: Oh, oh.

Mr. Pratt: I repeat that at no time have I criticized Mr. Cormier's plans, nor have I criticized his professional qualifications. What I did criticize was the file of exhibits and the uselessness of trying to discuss costs on the basis of the incomplete preliminary plans which were filed instead of on the basis of complete contract documents—

Some hon. Members: Order.

Mr. Pratt: —some of which I later succeeded in having filed. I should like to read into the record what I actually said as reported on page 394 of the official minutes of the standing committee on public accounts.

Mr. Speaker: Order. I am not sure that even on a matter of privilege it is in order to read from the record of a committee which has not yet reported. The hon. member has made his point, and I think it would be better to leave it at that.

Mr. Pratt: Mr. Speaker, may I also take exception to a television broadcast by Frank Swanson on C.B.C. immediately after the late newscast on Friday, August 29, 1958, in which he attributed to me certain statements concerning offers of architectural employment, which statements were never at any time made by me.

My examination of the witness, Mr. Cormier, was made in a restrained manner in spite of continual provocation, and it was made as a member of a parliamentary committee only. Not once did I ever even mention that I was an architect, nor did I ever mention any offers of work, big or small, to me as an architect.

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—PROSECUTION OF DOCTOR ON MANITOULIN ISLAND

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the hon. Minister of Citizenship and Immigration. Has the minister's attention been drawn to a Canadian Press dispatch dated August 28 concerning the prosecution of an Indian affairs doctor on Manitoulin island, which the reeve of the township is reported as saying was "a damned disgrace"?

Can the minister inform the house of the circumstances surrounding this unusual case, and if the Ontario college of physicians and surgeons objects to arrangements made by her department for the medical care of Indians?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Although I did comment briefly on this matter in the course of the discussion of the estimates of my department, this is actually a matter for the Department of National Health and Welfare, because the health service to Indians is under that department.

Hon. A. J. Brooks (Acting Minister of National Health and Welfare): In the absence of the Minister of National Health and Welfare the only comment I can make at this time is that I think the hon. member is wrong in his suggestion that the Ontario college of physicians and surgeons objects to the arrangements made by the department for the medical care of Indians. I do not think there was any objection to the arrangements made for the medical care of Indians. As I understand the circumstances, the objection was to the Indian doctor looking after some of the white people on Manitoulin island.

The matter was brought up by the Leader of the Opposition the other day, and if the hon. member will refer to page 4251 of *Hansard* he will see that though the hon. lady modestly said she did not give a long answer, a fairly complete explanation was, I think, given at that time. If there is anything further the hon. member would like to know about the matter I will see that the attention of the Minister of National Health and Welfare is called to it.

Mr. Herridge: I thank the minister for his answer. I will have to reflect on the matter further before asking any more questions.

Hon. L. B. Pearson (Leader of the Opposition): Is it not a fact that there was no justification for the charges made, and that they should not have been proceeded with?

Mr. Brooks: That is a hard question to answer, and I will certainly bring it to the attention of the minister.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—SUGGESTED PROCEDURE RESPECTING LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder if the Prime Minister would be good enough to tell the house whether it is the government's intention to proceed with the human rights bill in all its stages during this session, or whether the government has given consideration to the feeling held by some that there might be advantage in bringing it forward a certain number of stages this session and leaving its final determination until another session, in order that representations of all interested groups might be made.

I think the Prime Minister will understand that there has been a great deal of concern and real questioning among hon. members as to what the procedure will be.

Right Hon. J. G. Diefenbaker (Prime Minister): I am entirely guided by the will of the house. The bill of human freedoms is one which, of course, will affect Canadians for years to come. I think I can say with modesty that throughout the years I have given a great deal of study to this matter. It was studied as well by committees of parliament. I should like very much to have the whole matter considered at length rather than in the dying days of this session—

Some hon. Members: Hear, hear.

Mr. Diefenbaker: —in order to assure that the bill of rights will in fact be as effective as it is possible to secure. In saying that, I recollect that two weeks ago I stated that it was the purpose and the desire to have it go through completely during the present session. I am still in a position to proceed with all stages of this bill. The studies that have been made by the Department of Justice are full and comprehensive. But I feel that the hon. gentleman's suggestion is one which deserves serious consideration by the house as a whole.

The bill of human freedoms will be an advance which I had hoped to attain during

the session, a milestone in the pathway of freedom. If the house is agreeable I would suggest that the best course we could follow, in the event that we do not intend to stay here and debate it at length, as we will at some stage, so as to assure that the bill of rights shall be all-comprehensive while protecting and maintaining human freedoms, is that first reading might take place and on first reading, following the course which was adopted by the previous prime minister on the federal district commission legislation, after preliminary words by myself as mover of the resolution and then by the Leader of the Opposition and the hon. member for Assiniboia, the bill might be tabled and then taken up first thing at the next session. I do not know whether or not that will meet with the approval of the house, but I want to see the fullest possible discussion on this matter to assure that what we do will be effective, practical and comprehensive to the limit of the capacity of hon. members of this house to achieve.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps in the circumstances I may be permitted to say a word. The procedure outlined by the Prime Minister is quite satisfactory so far as we are concerned. This question, as the Prime Minister has said—and I am not now referring to the bill but to the question—is one of such fundamental importance that it deserves the fullest consideration. It is even more important than the C.B.C. legislation. Therefore I do not think it should be proceeded with in what have been called the dying days of this session. Irrespective of what may have been said previously by the Prime Minister regarding this matter, I think the procedure he has outlined now would be quite satisfactory as far as we are concerned.

Mr. Argue: Mr. Speaker, as it might have been taken from the way I put the question, we in this group are appreciative of the attitude the Prime Minister has adopted in that parliament itself, through its various spokesmen, can decide whether this bill is to be proceeded with at this session in all its stages or whether it is to be introduced now and finally considered at the next session.

We believe this is one of the most important questions with which parliament will deal in many years. We believe the wise course would be to introduce it as the Prime Minister has suggested and have some discussion on it, but leave final approval until the next session of parliament, when all of us will have been able to benefit from the important advice of Canadians in all walks of life. We are certain the procedure outlined by the Prime Minister will result in more effective legislation when action is taken.

Mr. Diefenbaker: Mr. Speaker, ordinarily I do not ask questions, but I should like to ask the hon. member for Assiniboia a question at this time. Would the proposal I made respecting the Leader of the Opposition and one speaker for the C.C.F. group have the support of both parties? Apparently the suggestion meets with the approval of the Leader of the Opposition, and if so that will be the course that will be followed unless the house otherwise demands.

Mr. Argue: Mr. Speaker, I see that I have the consent of my colleagues, so I can say to the Prime Minister that the course to which he has just referred, of having a spokesman from each party speak, will be satisfactory to our group.

Mr. Speaker: I take it that no order should be made now. It is just an understanding which will be subject to renewal when the bill is actually before the house.

INQUIRY AS TO OPPORTUNITY TO DISCUSS PENDING LEGISLATION

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to address a question to the house leader. Can he inform us when we shall have an opportunity to discuss the important legislation brought down this morning by the Prime Minister?

Mr. Speaker: Order. If the house leader wishes to deal with the question, he may do so, but no legislation was brought down this morning. Is the hon. member not under a misconception?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, in answer to the hon. member's question may I point out that the items are contained in the supplementary estimates, and those will not be discussed until well into next week.

Mr. Chevrier: Further supplementaries.

NATIONAL DEFENCE

ROCKCLIFFE AIR BASE—REPORTED DENIAL OF SCHOOL FACILITIES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of National Defence. I am prompted to do so because of a headline in *Le Droit* which was given to me as I came into the house. Across the paper is written "Ecoliers

dans une impasse". The article which I shall pass on to the minister goes on to state that 40 children from Rockcliffe air base will find themselves without a school when the school term commences next week.

In fairness to the minister I think I should point out that the article goes on to recite that in 1955 arrangements were made for the accommodation of those children at the air base. Then in the following years, because of a school that was nearby, arrangements were made and paid for by the department to send the children to the nearby school. Now because of the large numbers of children attending that nearby school the school commission has decided not to receive the children from Rockcliffe air base, and therefore within the last 48 hours or so the parents of these children have been told they have no school to attend.

I have given the minister no notice of my intention to ask this question, and indeed I could not have given notice to him. I know of his extreme sympathy and understanding in these cases. The question I should like to address to him is this. Will he be good enough to see that accommodation is provided for at the Rockcliffe air base so these children may receive their education in accordance with the laws of the province in which they reside.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I shall be very pleased to look into the matter and give an answer next week.

FINANCE

INQUIRY AS TO SPECIAL PRIORITY BROADCAST BY MINISTER OF FINANCE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. Is it true that he has sought and obtained special priority on broadcasting networks for an address he proposes to make on Tuesday next and, if so, does this mean something new and momentous in the way of an announcement of national policy?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I understand that arrangements have been made for a national broadcast by the Minister of Finance on Tuesday evening in connection with our entering the final phase of the conversion loan campaign. The timing, of course, follows immediately after Labour day, when a great many persons who have been absent from their homes on vacation will be back in their homes while we are entering the final fortnight of the campaign.

[Mr. Chevrier.]

SUPPLY

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

DEPARTMENT OF TRANSPORT

438. Newfoundland coastal services—construction or acquisition of passenger-cargo vessels and equipment, $1,100,000.

The Chairman: This item will be found on page 78 of the estimates book, the details at page 562. Shall the item carry?

Mr. Carter: Mr. Chairman, I have a few questions about the construction of vessels for the Newfoundland coastal service. Would the minister prefer that I ask the questions one by one?

Mr. Hees: Yes.

Mr. Carter: Does this vote cover only the four ships for the C.N.R. service in Newfoundland, or are there any other ships included?

Mr. Hees: Yes, it covers just those four ships.

Mr. Carter: Are all four being constructed simultaneously? If not, which ones are being constructed first?

Mr. Hees: Two will probably be constructed this winter, and the first ship for which tenders will be called will be the *Burgeo,* a replacement for the old *Burgeo.*

Mr. Carter: Have orders been placed for those ships?

Mr. Hees: No; tenders will be called this winter.

Mr. Carter: Are those ships being built to Lloyd's specifications?

Mr. Hees: Yes, Mr. Chairman.

Mr. Carter: Will those ships be classed as common water carriers, or as an integral part of the Newfoundland railway, as is the case with the ships employed in the ferry service?

Mr. Hees: The same situation will apply that exists now with the present ships which are plying those waters.

Mr. Carter: Will the minister take whatever steps are necessary to have that changed so that all the ships operated in the coastal service will be regarded as an integral part of the railway, in order that freight claims arising out of accidents to the ships will be treated in the same way as accidents occurring on the railway or on the ferry boats?

Mr. Hees: We will be prepared to give consideration to that suggestion, Mr. Chairman.

Mr. Carter: A few days ago, in reply to a question, the minister stated that the Canadian National management had decided to dispense with Lloyd's inspection. Can he say how much saving will result from that decision, and whether that is the only reason for dispensing with this service?

Mr. Hees: Mr. Chairman, we would have to obtain that information from the Canadian National. I will be glad to ask the Canadian National and advise the hon. member as soon as I receive it.

Mr. Carter: Thank you. It has always been the tradition of Newfoundland and of the Newfoundland government, even when we were hard up for money, to retain Lloyd's inspection service because, as I understand it, it in many ways complements the Canadian steamship inspection service. The minister should inquire as to whether any possible savings on the one hand might not be offset by other disadvantages, because as I understand it Lloyd's maintain a world-wide service. They keep a very accurate record of every inspection and every sign of damage, everything that happens, so that a ship which is sold has a much greater value with this record of Lloyd's service than would otherwise be obtained just by the Canadian inspection.

As I understand it, the Canadian inspection is interested mainly in the comfort and safety of passengers, whereas Lloyd's are interested in the strength of the hull and the framework. They keep a very close record of the wear and tear of the ship, which can be worth a great deal of money and probably worth more than the savings which might be effected.

Mr. Tucker: I have been trying to put a question to the minister, but this may not be on the proper item. I do not think he will mind my asking it. It refers to the auto ferry service from Portugal Cove to Bell island.

Could the minister advise this house if the auto ferry which will operate from Portugal Cove to Bell island will take care of the express parcels?

Mr. Hees: This new ship will be adequate to handle express shipments and if the Canadian National wish us to handle that service and so on, this ferry will be able to do it.

Item agreed to.

439. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit, 1958, $165,000.

Mr. Chevrier: I see that the amount of the deficit is $165,000, which I think speaks highly of the efforts made by the department's officials, because when this service was started I think perhaps a greater deficit was expected. I should like to know, is it expected that next year this service will operate at a surplus?

Mr. Hees: No, Mr. Chairman; this deficit is about the kind of operating result we expect in the future, and certainly next year.

Item agreed to.

441. Degaussing Canadian-owned merchant ships, of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to retransfer to Canadian registry under special intergovernmental arrangement, $300,000.

Mr. Chevrier: I have one question here. This is an item which appears practically every year, and has for many years. Now that the merchant fleet is fast disappearing, is it expected that the degaussing of this type of ship shall cease? How many more ships require to be degaussed?

Mr. Hees: I am advised by my officials that the program will continue, because we are continuing to do this work on Canadian ships going under British registry.

Item agreed to.

442. Martime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the Board of Transport Commissioners for Canada) on all traffic moved during the calendar year 1958, $14,000,000.

Mr. Chevrier: This is an extremely large item, as the minister knows, and one which is required in the maritime provinces. In view of statements that have been made repeatedly, is it the intention to increase the payments under the Maritime Freight Rates Act from the amount which is paid now?

Mr. Hees: This whole question is under intensive study at the present time, and we expect to have a report on it by the end of the year.

Mr. Benidickson: This is an item in which I, too, am interested. I notice that for the current fiscal year an additional $525,000 is requested. When the Minister of Finance tabled his report with respect to the Governor General's warrants, he indicated that this was a place where there had been an economy, and I think it was indicated in the Governor General's warrants which were tabled that the requirement had been reduced by $1,200,000 for the last fiscal year. In the estimates as tabled for 1957-58 the amount asked for was $14,675,000.

As I say, it was an item in which it was considered there had been economies, so why have we an increase this year? Is this not an expenditure that is simply based on a fixed rate per mile or per ton of traffic, and does the minister expect that there is going to be an increase in the volume of traffic in that area to which this subsidy applies?

Mr. Hees: This increase is due, first of all, to the effect of the increase of 30 per cent for a full year on certain outward traffic, and second to freight rate increases authorized by the board of transport commissioners since last year when the estimate was prepared.

Mr. Benidickson: The whole amount is something that is statutory, that the minister cannot control?

Mr. Hees: That is correct.

Mr. Benidickson: So there is no opportunity for the minister to make an economy. If the bills come in and the amount shown in the estimate was not adequate, he would simply have to ask for a supplementary estimate?

Mr. Hees: That is correct.

Item agreed to.

443. Payment to Canadian National (West Indies) Steamships, Limited (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, in the amount of the deficit, certified by the auditors of the company, in the operation of the company in the calendar year 1958, $190,000.

Mr. Chevrier: This is an item which I feel I cannot allow to pass without making a short statement. I shall not hold up the committee, but I feel that in view of the attitude taken on this side of the house and the position of the minister, which I understand, there should be at least a brief statement on it.

In the first place, as the house knows, this is an item to pay the deficit on the operation of Canadian National (West Indies) Steamships for that portion of the year during which they were in operation. It has to do also with the decision, approved by the Canadian government, to sell these eight vessels.

I should like to say here that I think that decision was a mistake. I say this having regard to what happened in the past. I think it was a mistake to have attempted in the earlier session to transfer the flag to Trinidad, and now it is an equal mistake to transfer it to Cuba. After all, what is being done is this. It is a United States company operating out of Detroit under a Cuban flag that will now operate these ships, thereby depriving the officers and men of these eight ships, of their livelihood, apart from all of the business which was generated between the Caribbean countries and our own Canadian shore.

I think it was a mistake also because the former government had decided to effect a five-year plan under which these eight ships would have been put into operation for a period of five years to determine whether, at the end of that period, it would be advisable to wind up the operations of Canadian National (West Indies) Steamships. I realize that even then it was a marginal operation. It is for this reason I have no hesitation in saying now that that decision to transfer the flag was wrong, that the decision should not have been made, that the decision should not have been approved by the Canadian government.

Having said that, I come to the other question which is perhaps of greater importance and greater concern to the house, that is the question of a Canadian deep sea fleet. I know the position in which any minister of transport finds himself with reference to that matter. There is no doubt that following the war years it was possible to operate a deep sea fleet at a profit because the Canadian bottoms were available and bottoms from other countries were in short supply at the time. Then came the Korean war and again there was a great demand for ships and shipping services by all countries, and the Canadian deep sea fleet did operate profitably. For a period of two or three years, I believe, following that time there was an item of $3 million or $3.5 million put in the estimates of the Department of Transport in order to assist this fleet.

I know that, having regard to general policy, it is perhaps difficult for one department to bring its point of view to bear upon the whole government. I know the Canadian maritime commission and the departmental transport officials, as well as the minister, must of necessity be sympathetic to a case such as this, but the point I want to make and the blame, if any, I want to direct at the minister in as gentle a way as I can is with regard to the decision taken by the Canadian maritime commission quite some time ago that at no time should the Canadian merchant fleet ever get below 750,000 deadweight tons. This was considered by the Canadian maritime commission as a bare nucleus for a Canadian fleet and that is what we, when we were in office, were determined to maintain. We did that during all the years we were in office.

Now by the sale of the eight Canadian National (West Indies) ships, and other transfers that have taken place, this minimum requirement recommended by the Canadian maritime commission, an agency of the Minister of Transport, has been reduced away below the 750,000 deadweight tons. What it is at the moment I do not know, but I heard the hon. member for Assiniboia say yesterday, I think, that it was somewhere in the neighbourhood of 185,000 tons; of that I am not sure. My attention is directed to the fact that it is now 186,000 tons.

The point is that it is now very far below what was required as a nucleus. The question I bring to the minister's attention and ask him is this. In view of the recommendation of his own agency that the Canadian mercantile fleet should never at any time be below the figure of 750,000 deadweight tons, what does the government propose to do in the face of the recommendation of its own agency?

Before I resume my seat I feel that I should say something in answer to a criticism made by the hon. member for Danforth yesterday concerning the president of the Canadian National Railways. I had already spoken at the time; otherwise I would have risen then to say this. I did not always agree with the recommendations made by the president of the Canadian National Railways, but I always considered that he was a public servant of the highest character. I have come into contact with him over a period of nine years, and I not only respected him for his loyalty to the government which he served—and I am sure he is giving the same loyalty to the present administration—but was impressed by his full understanding of all the questions that we discussed together.

I regretted very much the reflection made yesterday upon the quality of his services. I was again brought into contact with him in my capacity as president of the St. Lawrence seaway authority, and we had some bitter discussions about a matter which I know has come to the attention of the Minister of Transport. But notwithstanding those discussions I believe that he is one of the finest types of officials that the government of Canada has. I deeply regret that any member of the house should have felt it necessary to attack him under the circumstances.

Mr. Hees: To what the hon. member for Laurier has just said about Mr. Donald Gordon, president of the Canadian National Railways, I should just like to add this. I have always found, as he did while he was a member of the government, the most complete co-operation from Mr. Donald Gordon in all my dealings with him. I have complete confidence in him as president of the railways, and I believe his energies are at all times directed to the efficient and effective operation of the railway. I believe he is doing his utmost to run that railway in an effective and efficient manner, and I have complete confidence in him.

The Chairman: Shall vote 443 carry?

Mr. Chevrier: The minister did not answer my question.

Mr. Hees: In reply to what the hon. member for Laurier said earlier with regard to shipping policy generally, I should like to point out that on June 30, 1957, which after all was only nine days after we assumed office, there were only 26 ships listed on Canadian registry, 18 of which were dry cargo ships and 8 were tankers. I am now talking about deep sea ships. They had a total gross registered tonnage of 186,163. I should like to give the comparative figures for the year 1948. At that time there was a total of 172 deep sea ships on Canadian registry. Of those, 157 were dry cargo ships and 15 were tankers, and they had a total gross tonnage of 1,178,791. I think the hon. member will therefore agree that a great deal of reduction in the Canadian fleet took place under the late government of which he was a member. I just mention that matter in order to point out the fact that this reduction is something that has been going on for a long time, and that a great deal of it went on under the former government.

This matter is of concern to me and to this government. Later on this fall I intend to bring the subject again to the attention of the government, and it will be thoroughly discussed.

Mr. Argue: As has already been said by both hon. members who have spoken, Canada's merchant fleet has been reduced very rapidly in recent years. My purpose in rising was really to ask the minister whether, in view of the great interest in the transaction —I refer to the sale of the Canadian National (West Indies) Steamships vessels—it will be referred next session to the standing committee of this house dealing with railways, air lines and shipping owned by the government.

I have found that a great many Canadians are not only disturbed by the fact that the Canadian merchant fleet is being very rapidly reduced, but are particularly concerned about the events surrounding the sale of the Canadian National (West Indies) steamships. There is the whole question of whether Canada received value for the ships. There is the question—and the minister has already referred briefly to this matter in the house—of other offers being made and in one instance, though the minister says the offer came late, an

offer that was higher than the sale price obtained for the ships. In the public interest —and it may be the intention of the government to do it anyway—I think this extremely important sale should be referred to a standing committee of this house so that members may inquire as to the circumstances surrounding the sale and find whether or not there is any foundation for the fears expressed by some that the Canadian government did not get for the ships the value it might have obtained.

I know the minister will say that was the very best offer the government could get. That being the case I can see no reason why, from the government's standpoint, there should be any objection to this course being followed. I think such an airing should be given to this sale.

Mr. Hees: The government has no objection at all to any members of the sessional committee on railways, air lines and shipping, which will of course meet next year, asking Mr. Donald Gordon any questions they wish to ask about this matter. I feel sure that Mr. Gordon will be pleased to answer fully any questions that are put to him. Neither the government nor the Canadian National Railways have anything to hide in this matter. It was a perfectly open transaction. It was a good transaction. As hon. members know, both the Canadian National Railways and the government were reluctant to sell this fleet. We took the step as the only one we felt to be sensible in all the circumstances.

As to the circumstances of the sale, the prices offered and the actual price that was accepted, there is nothing to hide with regard to any of those matters. I am sure that next year Mr. Gordon will welcome any questions about the transaction which any member of the committee would like to ask him next year.

Mr. Argue: I appreciate the answer of the minister. I myself am not certain, because I have never had the privilege of being a member of this committee, whether or not persons in addition to Donald Gordon should be called, but I take it from the general purport of the minister's answer that he is quite prepared to have a full inquiry into this transaction next year, and certainly his statement is satisfactory to me.

Mr. Hees: As far as I am concerned I am perfectly willing, but this is a matter for the committee itself to decide. If the committee decides to call somebody before it for examination, that is perfectly satisfactory to me.

Mr. Benidickson: With respect to this particular item, is that exactly the position of the Canadian National (West Indies) Steamship Company? My impression has been that it is really a government operation, and it is simply put under the administration of the Canadian National Railways. So the responsibility of the government in respect of matters of policy, I think, is quite different from what it would be if we were dealing with a property which strictly belonged to the Canadian National Railways. This is simply under their administration, something like the Hudson Bay railway, is it not? I must say that I share the view of the member for Laurier in that we are very disappointed that there has not been a greater effort to carry out that five-year program.

Second, when the decision was made to sell these ships I had very grave doubts that, considering the difference between the lowest and the next lowest tender, the best decision was made in the national interest. I believe the minister, when he made the announcement about the sale, indicated that he had received some assurances from the purchaser that the ships would continue to be engaged in carrying traffic between Canada and the West Indies, which is of so much value to our national economy.

The minister is probably aware of the fact that there was an article just a week or so ago in the New York *Times* to the effect that this was not the intention of the purchaser over the long pull, but that just as soon as the seaway was open it was the company's intention to withdraw these ships from the West Indies trade and that they would simply be used to the best commercial advantage. That would probably be in seaway traffic and not necessarily, as it has been in the past, contributing a very important aid to Canada, largely in respect of the maritime economy, in the development of our trade with the West Indies.

Mr. Hees: Mr. Chairman, the information we have is that when the seaway is open, in addition to using the ports of Halifax and Montreal this company is considering the possible further extension of its operations to the great lakes ports, but not the elimination of the ports of Montreal or Halifax.

Mr. Benidickson: I am more concerned about the elimination of the regular traffic, with the West Indies being the other end of the route. What assurance has the minister received from the purchaser in that respect?

Mr. Hees: The Canadian National (West Indies) Steamship Company was assured by the purchaser that it intended to serve the ports I mentioned when I made the announcement to this house. If the purchasing company wishes to change its mind at any time, it owns the ships and it can do so; but we

were given that assurance, which I passed on to the house and, as I have said, the only change of which we know is that it is contemplating the possibility of extending its operations into the great lakes after the seaway is open.

Mr. Benidickson: Would all the crews be Cuban citizens?

Mr. Hees: That, Mr. Chairman, is the business of the purchasing company. That company now owns the ships and can hire whatever crews it wishes.

Mr. Chevrier: Under the Cuban flag they could not have other than Cuban crews, could they?

Mr. Hees: I am not too familiar with the regulations governing registry under the Cuban flag, but I would assume they would be Cubans.

Mr. Deschatelets: Was the government or the minister given any written assurance in this matter?

Mr. Hees: I understand the purchasing company wrote a letter to Canadian National Railways to that effect but, as I say, once the transaction was completed the ships are the property of the company and it can change its plans as it sees fit.

Item agreed to.

Air Services—
Administration division—
449. Air services administration, $1,116,241.

Mr. Chevrier: This is a pretty important item in that it covers a rather wide field, and perhaps it might be advisable to call it one o'clock. If not I shall proceed with the remarks I have to make.

Mr. Hees: No; I think it would be perfectly satisfactory to do so. I agree that this would be a good place to stop.

The Chairman: Is it the pleasure of the house to call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Chevrier: Mr. Chairman, when we adjourned at one o'clock we had reached the item Air Services Administration and on this item I just want to bring one matter to the attention of the minister, and I do not want to deal with it at any length.

I did have the opportunity when the committee on railways and shipping was established to say something about air competition, and what I have to say at this moment on the subject will be brief. This is, as the committee knows, and as the minister in particular knows, a subject of extreme interest and importance, namely competition in trans-continental air routes. In view of the statements which were made earlier by the minister and others—sweeping statements to the effect that there would be all-out competition in this field—I want to tell the minister that I think he was well advised to seek advice from a British consultant and to have tabled in the house some time ago what is known as the Wheatcroft report. The Wheatcroft report clearly establishes the principle of *festina lente*—make haste slowly—and I believe the minister has come to the conclusion now that there should be no ill considered action taken.

As the committee knows, C.P.A. and Pacific Western Airlines have made application before the air transport board, and the matter being *sub judice*. I have no intention of discussing it other than to say, arising out of the Wheatcroft report, that there are three alternatives which could now apply: first, the status quo, leaving the position remain as it is; next, all-out competition; and, thirdly, a policy which would be midway between the two. That may be what the Wheatcroft report has in mind in effect—gradual competition in the field of these trans-continental air routes.

However, there are many things which come into play in deciding whether or not competition is advisable. There is the density of the traffic, there is the financial implication involved and there are, in addition, such questions as the adequacy of the service, the frequency of the service and the quality of the service. But there is one point on which the Wheatcroft report lays great stress and that is that there are only three routes in Canada where there is enough traffic to sustain competition, and those routes are Toronto-Montreal, Vancouver-Victoria and Toronto-Winnipeg.

I did attempt to discuss this matter at the committee on railways and shipping but I was ruled out of order. I think the ruling was mistaken and erroneous, particularly in view of the fact that the Wheatcroft report had been tabled in the house, but nonetheless I will not take advantage of the opportunity to discuss the matter here other than to say that I believe the effect of competition on Trans-Canada Air Lines is one thing that should be carefully considered and carefully

studied having regard not only to the Wheatcroft report but to the whole position of air traffic in Canada.

There is no doubt in my mind that there is no better air line in the world than T.C.A. I have had the opportunity in the position which the minister now holds of using many air lines but I have never found one which better deserves, in the over-all acceptance of the term, the statement that there is no finer air line in the world than Trans-Canada Air Lines. There may be certain misgivings about T.C.A.—I have no doubt there are—and some mistakes have been made, but on the whole few air lines do compare with it.

Now I wish to make a statement which I hope the committee will accept in the right spirit. It is that when men go out of public life it seems they are so often forgotten and that never again is a word said about them. I wish to refer now, in particular, to the work done with regard to T.C.A. by the Right Hon. C. D. Howe. I think the establishment of T.C.A. is a monument which will always live to his credit. I can remember many debates in this house—many heated and bitter debates—having to do with T.C.A., but I will not go into them now in order to keep away from anything which might be contentious. However, I do want to say that now that this great public servant has gone out of public life the committee should be reminded that one of the many lasting things which he accomplished for this country of ours was the establishment of one of the finest air lines in the world—Trans-Canada Air Lines.

Mr. Hees: I should like to say at this moment that I agree completely with what the hon. member for Laurier has said about Trans-Canada Air Lines and the services which it provides. I agree with him completely in that. I think it is absolutely first class, and I am very proud to be the minister who reports to parliament for T.C.A. I should also like to agree with him regarding the great contribution which Mr. Howe made to the building up of this fine corporation.

Mr. Argue: I want to take advantage of the opportunity afforded by this item to say that we in the C.C.F. are proud of the operations of the T.C.A. We feel that it is an outstanding example of efficiency and quality of operation. It is a tribute to and an example of what can be done by public ownership in this important field. We know the statements that have been made by government members in the past regarding Trans-Canada Air Lines have not always been complimentary. There seems to have been a great desire on the part of Conservative members to introduce an element of so-called competition but aimed in a direction which we would suggest would reduce the efficiency of Trans-Canada Air Lines and would merely be of assistance to the Canadian Pacific Air Lines which itself is a subsidiary of the Canadian Pacific Railway Company.

We have noted with interest the Wheatcroft report and were pleased that it did not condone any early interference with Trans-Canada Air Lines. With regard to its stated attitude toward T.C.A. in the past we hope the Conservative party will change and will maintain Trans-Canada Air Lines intact in the form in which it now exists, will allow the air line to expand and will turn thumbs down on the proposition that transcontinental flights should be turned over to private companies.

The annual report of Trans-Canada Air Lines in our view is a solid indication of the efficient service of this company. The fact that it has been able to continue to expand at a very rapid rate and acquire the most modern planes and equipment and increase its service and at the same time reduce passenger rates is a worth-while and welcome respite from the kind of action we usually see these days by private corporations. In scarcely any other service can one find a substantial reduction in prices in 1957. I should like the minister to give us a more comprehensive statement than that he has given thus far as to what the policy of the government is going to be with regard to Trans-Canada Air Line services. I hope he will tell the committee the government has no desire to provide so-called competition —and I do not think it is really competition at all—to Trans-Canada Air Line services.

The Wheatcroft report pointed out that not only does Trans-Canada Air Lines provide highly efficient service but to a degree the provision of service by Trans-Canada Air Lines in areas where passenger traffic is not particularly great is in effect a subsidy for the people in that area. As a person coming from the prairies I am naturally interested in having as good service as possible for that region and I realize if we had to depend upon competitive service only without the operation of a public company like Trans-Canada Air Lines which considers the welfare of the general public we might have much less service and service of a considerably poorer quality than we now have.

I wish to associate myself with the hon. member for Laurier and with the Minister of Transport in the tribute they paid to our friend, Right Hon. C. D. Howe. I do not believe there is any one sitting in this committee today who has clashed with Mr. Howe more often than I have. If I have been able to acquire some knowledge of the procedures

of this house and some knowledge of the activities of the Department of Trade and Commerce and in particular some knowledge of the grain marketing business, I can thank Mr. Howe for a good part of it because whenever I asked him a question on orders of the day, even as a new member, he treated me with courtesy and always gave me a full and frank answer. One thing I always liked about C. D. Howe was that he was a good, hard and tough debater. He did not give any quarter and he did not ask any quarter but at the end of a debate one always parted from him on excellent terms.

C. D. Howe is a big businessman. He has acquired much power and authority in the Canadian business world. He has many good qualities but as is the case with every hon. member of this committee he occasionally displayed certain human weaknesses. One quality of his character which I always admired and considered good was that he constantly protected the people within his department and defended the operations of organizations within the purview of his department. When C. D. Howe was the minister in charge of Trans-Canada Air Lines, Polymer Corporation or any other project coming under his department's jurisdiction one could be reasonably assured that the operation would be efficient based in the public interest and would expand.

Mr. Benidickson: He was a great miner for talent for the public service.

Mr. Argue: I believe that is true. I do not think any one could say that in his philosophical make-up C. D. Howe had any particular love for public enterprise and he was probably as anti-socialist as anybody who sat on the treasury benches. But he was a pragmatist and when he saw that public ownership would do a much better job than private ownership in a particular field, in spite of his basic belief he did not hesitate to promote public ownership.

I believe that Trans-Canada Air Lines is one of the best air line services in the world and it has provided excellent service to the Canadian nation without profit. If Canada is going to compete with foreign air lines in providing air services in days that lie ahead we will be more apt to compete in an efficient way and keep abreast of technological improvements if we maintain this publicly owned corporation and refuse to turn it over to private hands. Canada in competition with the air lines of the world should tell the Soviet Union, the United Kingdom, the United States and other nations that we have a publicly owned corporation that has the backing of the Canadian government and the Canadian people and that we intend to compete efficiently with all comers. I am hopeful that the Minister of Transport will tell the committee there is no intention on the part of his department to turn Trans-Canada Air Lines over to a private company and I ask him that question.

Mr. Hees: Mr. Chairman, I am not quite sure what the hon. member has asked. Is he implying that this government is intending to hand over Trans-Canada Air Lines to some private company or is he suggesting that if the air transport board should decide some measure of competition would be beneficial the government should simply refuse to accept the decision of the air transport board?

Mr. Argue: Mr. Chairman, in answer to the last part of the minister's question I will say yes. The fact that we have established a certain board does not mean that board is paramount to parliament. The board is not paramount to parliament. In recent months the board of transport commissioners allowed an increase in freight rates. The governor in council, by its authority under the law, refused to allow the increase to go into effect. I am asking the minister whether the government—never mind the air transport board —has a policy of maintaining the T.C.A.'s present position on the trans-Canada air lines runs, or whether it is prepared, in the words of the minister, to allow competition in this service?

Mr. Hees: Mr. Chairman, as the hon. member knows and as all hon. members know, the air transport board was established to examine applications brought before it by various air lines in Canada. That is being done at the present time in the case of an application for a trans-continental route. Two air lines have applied for the right to operate on that route as well as the T.C.A. In accordance with the terms of reference under which the air transport board operates, those applications will be heard and the recommendation of the air transport board will be transmitted to the government and the government will examine that recommendation. That is the course we propose to follow.

Mr. Argue: From my point of view the minister's answer is entirely unsatisfactory. Of course, what the government does in the future can only be determined by events. After the government receives the recommendation from the air transport board, if it should acquiesce in allowing so-called competition which will do nothing but hurt the services in this field the government will be doing a disservice to the people of

this country. I am hopeful that in the days that lie ahead the minister will support Trans-Canada Air Lines as it now exists, with the rights it now has, and will maintain an expanding Trans-Canada Air Lines and oppose any diminution of Trans-Canada Air Lines rights and will refuse to allow so-called competition. In the tribute that the hon. member for Laurier has paid to Trans-Canada Air Lines there is implicit in his remarks, though he may not agree, that in the light of its history Trans-Canada Air Lines should be given a full and unimpeded opportunity to continue to improve its now excellent service.

Item agreed to.

Telecommunications division—

452. Construction or acquisition of buildings, works, land and equipment, $11,385,000.

Mr. Bourget: I tried to find some details on page 571 but I could not find any. I am not going to delay the committee, but I would ask the minister whether he would not follow the pattern established by the Department of Public Works and on the last pages of the estimates book give details of the projects that are mentioned in this item so that we would have some idea of the projects in the different provinces for which he is asking money.

Mr. Hees: I can give the information on the main items but I emphasize—

Mr. Chevrier: He wants the minister to do it in the future.

Mr. Bourget: I am not asking for it this year but in future years. Details of the vessels that are to be built are given for this year, but with respect to this item for $11,385,000, I am asking the minister whether in future years we could not have details of the different projects that are included in the item so that we would have information on the projects, as we have been doing in public works.

Mr. Hees: We will give every possible consideration to doing that. The only difficulty is, it would be a tremendous volume of details but we shall give every consideration to the possibility of doing what the hon. member requests.

Mr. Bourget: I am not asking for all the small projects but just for projects over $100,000.

Item agreed to.

Radio Act and regulations—

453. Administration, operation and maintenance, including contributions as Canada's share of the costs of various international radio, telegraph and telephone organizations, as detailed in the estimates, $2,359,295.

Mr. Benidickson: The other day a question was asked about the opportunity to introduce

[Mr. Argue.]

United States television programs by the introduction of a cable into Canada. I do not think the minister has replied to that question yet but I, of course, am interested because the location in question in Canada was Fort Frances. It was indicated that a United States firm felt that, without insisting on approval from the department, it could bring in to Fort Frances a program which in turn would be paid for by installation charges paid by the United States company. Another common practice in some communities that cannot get good reception is to pay a monthly rental fee for the service. I heartily approve of this in this particular location because I have some experience with the long delay in getting the C.B.C. sound radio programs in that area. They are 150 miles from the microwave television network and I surmise it might be rather late in the program of the C.B.C. to provide them with service. I think this comes under the jurisdiction of the Department of Transport and I wondered whether the minister could tell us that his department has been dealing sympathetically with the application of International Television Cable Corporation to allow residents of Fort Frances who have subscribed a certain amount of capital for this service and who feel keenly that they are getting television reception from nowhere, to take advantage of it. Is the minister aware of this situation?

Mr. Hees: Mr. Chairman, we have just heard of this matter informally. The government has no control over a cable of this kind.

Mr. Benidickson: The minister asserts that if a company crosses an international river by means of renting a telephone company's lines and introduces programs that it will be possible to recable it on the Canadian side?

Mr. Hees: I am adviced by my officials that if they wish to bring in this cable they can do so.

Mr. Herridge: Mr. Chairman, this item covers the administration of the Radio Act and regulations. Very briefly I wish to mention four matters which I have been asked to raise on the floor of the house by various organizations and persons in my constituency.

No doubt the minister is aware of the fact that in Kootenay West we have had great difficulties with respect to radio interference occasioned by power lines. The matter has been taken up repeatedly and the minister's officials have visited the district to try to locate the causes and advise the local people how best to overcome it. They appreciate that but I do suggest that the department do everything possible to continue to assist those

people who at the present time are almost denied radio reception completely because of interference from power lines. However, I do suggest that this problem will not be corrected until we have the necessary low-power relay stations.

Mr. Hees: If the hon member is going to ask all four questions, perhaps I can deal with each one as it comes up. In answer to that question, Mr. Chairman, we are working with the power company in this regard. The difficulty so far is that the signals are very weak indeed. We are continuing to work with them and will do everything we can to be of assistance.

Mr. Herridge: I thank the minister for his reply, and I was coming to that point. I think the signals are so weak the only solution will be the erection of two or three of these low power relay stations. I hope the minister uses his influence with the Minister of National Revenue, and together they will soon have these stations erected.

The other matter to which I wish to refer was piped-in television. I want to explain to the minister that I am not mechanically minded. My mechanical ability ceases with the lawnmower and wheelbarrow. We have piped-in television around the Nelson and Trail areas through coaxial cable service and a reflector on the mountain top. There has been a great deal of complaint about the rates and fees charged when there is a change of occupancy in a house, and things of that sort. I have taken this matter up with the department, and I understand the department issues a licence but has no control over the fees and charges. I have taken it up with the public utilities commission in British Columbia, and they say they accept no responsibility in that respect. Apparently, therefore, the administration of this business lives in a vacuum. I ask the minister if it would not be possible for the officials of his department to take the matter up with the public utilities commission so there is some regulation with respect to fees, charges and other costs exacted by these companies.

Mr. Hees: My suggestion is that if these people believe these charges are excessive, this would be a matter to take up with the new regulatory board which is in the process of being established.

Mr. Herridge: I thank the minister for that answer. This is like a cricket match, one wicket at a time.

The other matter I should like to mention relates to community television. I have one or two groups in my constituency who have a co-operative arrangement for the use of some sort of reflector on the mountain top reflecting signals for television, without cables, to certain vital areas in the district. I understand they have been refused the right to instal this system as there is some distinction in law between the use of the air in that way and bringing signals in by coaxial cable. Would the minister inform me why these people are refused the right to instal their own television system when they are unable to obtain any other, and the distinction between this form of television and the one I previously spoke about which is piped-in?

Mr. Hees: This operation would be completely dependent upon United States programs, so we considered that it would be advisable to hold this matter up and let it be considered by the new board. This is quite an important matter.

Mr. Herridge: Did the minister say that would be referred to the new board?

Mr. Hees: Our suggestion is the applicants should refer this matter to the new board as soon as it is appointed.

Mr. Herridge: I have one other matter, and then I shall subside for a few minutes. I have had it brought to my attention, Mr. Chairman, and been asked to obtain information as to why the government does not demand commercial operator's standing for station engineers the same as is required under the federal communications act in the United States. I understand our present act allows anyone to operate the physical equipment at a transmitter site and also automatically-operated equipment under the juke box principle, and according to my information this negates the need for any Canadian studying or taking exams in the field of radio broadcasting. I have been asked to inquire of the minister to see if the act could be amended to require licensed personnel as the operators of radio stations?

Mr. Hees: The technical qualifications of such engineers have to meet the standards set by the department, so in effect what the hon. member believes is not so. We do not allow engineers to operate these stations unless they come up to our technical standards.

Mr. Benidickson: May I revert to my former question, and ask whether another form of T.V. service might be provided at a border town? I take it that the minister's department, under the Radio Act, would have control of an organization that picked up a United States broadcast and then relayed it within Canada, but that if a United States company simply provided their service by cable they are exempt from regulation?

Mr. Hees: Yes, Mr. Chairman, that is correct.

Item agreed to.

Telegraph and telephone service—

455. Administration, operation and maintenance, $277,802.

Mr. Batten: I have one or two questions to ask on this item. Does the Department of Transport operate any telegraph or telephone services within Canada, and if so how many?

Mr. Hees: There is the Magdalen islands service, the service in Cape Breton and a small service in New Brunswick.

Mr. Batten: May I ask the minister, are these land lines or are some of them wireless systems?

Mr. Hees: They are chiefly land lines, Mr. Chairman, but there are some radio links.

Mr. Batten: I have one more question, and I do not expect the minister to answer this question now. I wonder if, when it is convenient for him to do so, he would give me the population in the areas served by these systems?

Mr. Hees: Yes, we shall be glad to convey that information to the hon. member.

Item agreed to.

Meteorological division—

457. Administration, operation and maintenance, including grants as detailed in the estimates, $10,708,161.

Mr. Chevrier: There is one word here which I cannot resist saying because, at times, there is some criticism about the fact that headquarters buildings are removed from Ottawa and given to other cities. I have reference to the printing bureau, which has gone to Hull; to the national film board, which has gone to Montreal; and the seaway headquarters which are alleged to go to Cornwall. I want to say here that, perhaps unknown to the house, the meteorological service of the Department of Transport have their headquarters in the city of Toronto. This is a decision that was taken earlier, and I know when I was holding the position which my hon. friend holds there was a difference of opinion between certain officers of the department and I had to take a decision at one time as to whether the headquarters would be brought back to Ottawa or remain in Toronto. In order that there may be no doubt about the view of the present officers, I can say that those who discussed the recommendation with me are no longer with the department. They have retired.

I did have to seek advice as to what was the best thing to do under the circumstances. I sought the advice of Dr. Andrew Thompson, who is director of the meteorological services.

[Mr. Benidickson.]

Of course, he was strongly of the opinion that this service should remain in the city of Toronto. I remember one evening getting a telephone call from the president of the University of Toronto, who is now the Secretary of State for External Affairs, giving strong reasons why, because of the association of the University of Toronto with meteorologists, it was so important that that service be maintained in the city of Toronto. I need hardly tell the house that the decision was taken to leave the headquarters where they are.

My only reason in rising at this time is to say that sometimes it is in the national interest that headquarters buildings be removed from the city of Ottawa and established elsewhere.

Mr. Pearson: I should like to ask the minister if he could give the committee a report on the meteorological stations in the Arctic. How many of such stations are under the sole control of Canada; how many are under joint control; and how many, if any, are by agreement under the control of the United States? Can he tell the committee what progress is being made to ensure that Canada eventually will be able to take full responsibility for this important work in the Canadian Arctic?

Mr. Hees: In answer to the hon. gentleman's question may I say this. There are five Canadian stations, five joint stations and no United States stations. We have been increasing our component every year.

Mr. Pearson: Can the minister give some idea as to the respective participation of Canadians and Americans in those five joint stations?

Mr. Hees: We have in each case the officer in charge. We provide 50 per cent of the supplies. We undertake the supply work. We have the majority of the operators in each of the stations.

Mr. Pearson: The minister anticipates that, as Canadian technicians are trained and made available, it will not be very long before we have complete responsibility for the maintenance of those five stations?

Mr. Hees: Our primary responsibility is to have the new stations on a 100 per cent Canadian basis before we start taking over the joint bases.

Item agreed to.

Civil aviation division—

459. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $1,866,225.

Mr. Chevrier: There is just one matter here that comes to my attention. It has to do with

the statement that the minister made in the house earlier, namely that it would be in the public interest that licences for air services using only the small type of aircraft be granted freely on request. The minister will recall that I asked him a number of questions on that matter because I had received representations from smaller air carriers protesting against that decision. I want to bring it to his attention now, not in order to delay the committee but to point up some of the difficulties that arise. The decision that was taken and announced by the minister is, in my opinion, one which is not in the general interest of these carriers because it opens up the charter aircraft field to wide-open competition. I have grave doubts about the matter lest it bring about bad results which will affect these companies that are operating under difficult circumstances in wide areas of the country at far away points. It strikes me that they will be seriously affected by this decision.

I will go so far as to say this. The minister stated earlier that there should be wide-open competition and that, because of the Wheatcroft report, there had to be a change in policy. It may very well be that it was decided to make that free and wide-open competition in this restricted field; and it may well be that, in order to carry out in part at least the statement or the promise made by the minister earlier, this was being done.

I should like to bring to his attention the fact that many of the air carriers in the class "C" category are greatly disturbed about this decision. They have been established at great sacrifice to themselves and they will be materially and unfavourably affected if this policy is allowed to be carried out. All I want to do is to bring the matter to the attention of the minister and to ask him if he will not reconsider it. I ask him if he will not bring the matter to the attention of his officers, particularly the air transport board, so that they might give consideration to the representations which I am sure these small carriers will want to make to the board, and which I am sure they have already brought to the attention of the minister. Without saying more, I will resume my seat in the hope that the minister will give consideration to what I have said.

Mr. Benidickson: On vote 459 which I think comes under the administration of the controller, although my remarks might be equally applicable under vote 460, I just want to raise one or two matters very briefly. When I was the parliamentary assistant to the then minister of transport, the hon. member for Laurier, I had the honour of opening a modest expansion to the Winnipeg airport. At that time I said frankly on behalf of the department that this extension was recognized as being merely a temporary expedient. Since then there has been an addition. But on the other hand, the minister's predecessor wrote me in 1956, prior to the change of administration, that he had every expectation that construction of a new terminal building for Winnipeg would commence in 1957. I am wondering whether the minister would tell us something about progress in this respect.

I have another item; and I must say that generally I receive from the Minister of Transport the utmost consideration. I am only going to draw his attention to a little incident that is not going to affect our personal relations very much. I want to point out to him that I made a written inquiry about new construction on the Kenora airport on April 25. While his letter to me was dated June 6 in reply, indicating that it was expected that they would soon obtain a contractor for the work at the Kenora airport, it just so happened that the defeated Conservative candidate in the district was able to make an announcement about this matter two or three days prior to the receipt by me of the letter from the minister. I do not think that is typical of the minister. I am sure it was just an oversight that the letter did not, in the usual channels through the mail, reach me as it should. I am sure the minister would not want that to happen as a regular practice. He will recognize from the dates I gave that I had shown a great interest in this matter long before a reply was possible. Then for some reason or another I did not receive the letter dated June 6 until after the announcement had been made in the Kenora papers by someone else. However, I must give him the full benefit of any doubt; in fact, I really have no doubt. From my own experience I know that sometimes mail presented to me by a secretary is typed for a certain date, and I do not necessarily change the date if I have not had the opportunity on that particular day to sign the letter. I am sure it was not deliberate. However, I am just hoping that the minister will try to avoid that type of thing in the future.

Mr. Hees: I wish to assure the hon. member that was not intentional.

Item agreed to.

Airways and airports—

Operation and maintenance—

460. Civil aviation services, and to provide, notwithstanding the Financial Administration Act or any other act, that the treasury board may authorize arrangements to be made for the operation of hotel, bakery, restaurant, staff messing,

staff accommodation and similar facilities at airports and may authorize the disbursement of revenues derived therefrom and payment of deficits that may occur in the management and operation of these facilities, $14,342,200.

Mr. Chevrier: There is just one question I wish to ask. It has to do with the Dorval airport. As the minister knows, the air terminal was envisaged some years ago and there was then designed a plan for this international airport. There are three questions that come to my mind. The first is this. What was the original estimate? What was the intermediate estimate? By that, I mean the one that was made by the immediate predecessor of the minister. Finally, what is the estimate today, in 1958. Then I should like to know from the minister, if he will be kind enough to tell me, why it was necessary to revise these estimates. I take it that it was because of the fact that, during the planning of this important air terminal there were changes in design brought about by the jet era. Strips must be longer and stronger. Where a strip of 4,000 feet or 5,000 feet sufficed at one time, now it is necessary to have strips two or more miles in length.

An hon. Member: Four miles?

Mr. Chevrier: Yes; there is a strip several miles in length out here at Uplands airport which is in operation at the moment. Because of the new instruments and so forth it also becomes necessary to amend the plans and specifications. I wonder, therefore, if I could not get an answer in respect to those questions.

There is another question having to do with air conditioning, and I do not want to repeat what has been said earlier. I know the reasons why at the outset it was decided against air conditioning. These were because it was not the policy of the government to put air conditioning in their buildings because it would have brought about a serious delay and would have increased the cost, but I think that in view of the developments in the aviation field a complete change has been brought about with respect to this aspect of the question. There are a number of alternatives which have entered the picture, more particularly the strong recommendation by the international civil aviation organization which strongly favours the air conditioning of new terminal buildings. I therefore hope it will be found possible to make a complete study of this matter and to come up with a recommendation which would favour air conditioning. I also hope the minister will be able to answer my earlier questions.

Mr. Hees: Yes, Mr. Chairman, I will be very glad to do so.

[Mr. Hees.]

First, with regard to Dorval airport, various cost estimates were made at various stages, although a complete cost estimate was not possible until 1957 because final plans and specifications for the building itself were not completed until that time. Earlier estimates varied from $10 million, when the plans were in the early stage of preparation, to $12.5 million in 1956 and, last year, to $15 million, as the plans and specifications were completed. These amounts were for the terminal building only and not for the ramp area and aero quays and fingers connected with the ramp area. The cost of the fingers and the aero quays is estimated to be about $2 million and if air conditioning is added to the public waiting room, this could run to another $500,000 which, when added to the cost of the main building itself, would give a total of around $17.5 million. It has been necessary because of changing conditions in aviation to modify the plans on more than one occasion. The ability to do this has indeed been an advantage in providing for a more modern terminal since that time and if the plans had been made inflexible in the first instance they could not have kept abreast of the changing requirements of the air lines and indeed the building might have been obsolete in some regards when completed.

The interior layout plans were adjusted on several occasions as the result of discussion with the air lines and with customs and immigration, whose requirements continued to evolve throughout the period. The most difficult issue and one which has only recently been settled related to the fingers and aero quays layout for the movement of passengers to the aircraft.

With regard to the matter of air conditioning, I quite agree with the hon. member for Laurier and with other members who have spoken. In fact a number of the members from the Montreal area have spoken to me about this matter outside of the house and I and my department agree that air conditioning is very desirable if it can be put in without serious delay. During the past week we have been carrying on an intensive study and we shall continue to do so to see if this can be done. As I indicated yesterday, I hope to be able to make an announcement on this matter very shortly.

Mr. Chevrier: I wonder if I might follow that up with one or two questions. I believe the various estimates mentioned by the minister were $10 million to $12.5 million, then $15 million and lastly $17.5 million. I take it that these various estimates were made necessary because of a change in the design and plans required by the circumstances which existed from time to time?

Mr. Hees: That is partly true, Mr. Chairman, and as my officials have advised me, we knew more about the costs of materials and other factors going into the layout as the plans were developed and it therefore became easier to arrive at a more definite figure.

Mr. Chevrier: And the first estimate of $10 million to $12.5 million did not include the fingers which the minister mentioned and the other item which escapes me?

Mr. Hees: The fingers and the aero quays and the possible air conditioning.

Mr. Chevrier: One last question—I understand that this building has been divided into a number of contracts.

Mr. Hees: That is correct.

Mr. Chevrier: There was a contract for the steel, there was one for the foundation and another for the frame of the building. Could the minister tell the house how many contracts have been awarded for this building?

Mr. Hees: I am advised the number is five.

Mr. Chevrier: Could the minister give the breakdown of those five contracts?

Mr. Hees: Yes, Mr. Chairman. I am advised that first of all there was a contract for excavation and foundation, second, for steel structure, third, for the curtain walls, fourth, for the stone work and fifth, the general completion.

Mr. Pearson: I want to be sure I understand what the minister has said. Is it a fact, then, that in 1956, which I believe was the date he gave, the estimate for this airport building was $12.5 million and then in 1957 it was raised for reasons which the minister mentioned to $15 million, and that if you add the $2 million for what are called aero quays and fingers and the $500,000 for air conditioning, you get a figure of $17.5 million—is that correct?

Mr. Hees: That is correct.

Mr. Bourget: May I ask the minister who were the lowest bidders in each case and was the contract given to the lowest bidder?

Mr. Hees: In each case I am advised the contract was awarded to the lowest bidder. It would take some time to give the names and the amounts, but that information could be made available later on if the hon. member desires it.

Mr. Bourget: I will be satisfied if the minister will let me have the names later on.

Mr. Benidickson: Would the minister make comment now about the plan for a permanent terminal at Winnipeg? I imagine the minister is very much like his colleague, the Minister of Public Works, who said—although I believe facetiously—that attention would be given to the requests of hon. members in just about inverse proportion to the amount of time they took at this stage when ministers want to pass their estimates. Therefore, I do not want to elaborate on the matter of the development of a public service airport at Atikokan and at Fort Frances. My constituents, however, would feel that I was remiss if I did not at this stage of the debate draw these matters to the attention of the committee of supply for it is of great concern to them.

Thirdly, a public air service between Winnipeg and the lakehead, something which has been lacking for a great many years, was inaugurated when the minister granted a licence for it but has at the moment bogged down because of a lack of adequate airport facilities. The minister does not need to reply to that. He has invited me to speak to his deputy minister and I have had preliminary discussions with him. But has the minister approved anything with respect to the Winnipeg development?

Mr. Hees: Yes, Mr. Chairman, we have been working with the air lines for the past nine months to try to arrive at satisfactory plans for what we intend to be a first class building. We have worked our way through four different sets of plans to date, and we hope that we are working now on the final set of plans. As soon as this matter is decided, we will be able to go ahead with the construction.

Mr. Brassard (Lapointe): On this matter I should like to direct a question to the Minister of Transport. I understand that the Department of National Defence or T.C.A. are erecting a terminal at Bagotville airport. I should like to know if this means that the department has completely abandoned the idea of establishing a civil airport within the boundaries of the counties of Chicoutimi and Lapointe. I hope the minister has not given up this idea, because this will help me to keep even more pleasant memories of my association with his department.

Mr. Hees: Bagotville is in the long term plans of the department. At the present time we are moving the civil terminal from its present location to a new location. I am advised by my officials that we are planning a new airfield in the long run but that, as I have said, is a matter of long term planning.

Mr. Pearson: I want to bring up a matter—I think this is the right item—and I wish to do so in no critical sense because I have nothing to criticize. However, I want to impress on the minister, though perhaps he does

not need it, the importance of an airfield or an airstrip at least on the north shore of Georgian bay between Sudbury and the Sault to serve what is perhaps the most important industrial development in Canada, that is the Blind River-Elliot Lake uranium development. The population of this Elliot Lake north shore area has grown in a few years from almost nothing to between 25,000 and 30,000. It is the centre of a large investment and of high uranium production. In these circumstances, air travel and air transport are becoming increasingly important. I know that the minister's department is looking into this matter and I know that his officials are co-operating with the local authorities there, but I would venture to emphasize the importance of air transport for this development.

Mr. Hees: We are examining possible sites in the area, but it is somewhat difficult to find a site which is suitable. However, we are making progress.

Item agreed to.

462. Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies, and amounts to be paid in settlement of claims for compensation by persons whose property is injuriously affected by the operation of a zoning regulation made under authority of paragraph (j) of subsection (1) of section 4 of the Aeronautics Act, $61,348,000.

Mr. Morris: I should like to ask the minister three brief questions having to do with the Halifax international airport. Would he be in a position to indicate to us when it is anticipated that the new Halifax international airport will be open for business? When will aircraft be able to fly on and off that airport?

Mr. Hees: I will answer those questions one at a time if I may. The runways can be used at the present time. The building has just been started and we expect it will be ready in the winter of 1959-60.

Mr. Morris: Can the minister indicate whether any other air lines have evinced any interest in securing hangar accommodation on the airfield?

Mr. Hees: Not as yet.

Mr. Morris: Finally, has T.C.A. determined its hangar requirements on this site?

Mr. Hees: No, they have not advised us of that.

Mr. Chevrier: I have two questions I should like to ask the minister about airports. One concerns the airport at Flin Flon. Can the minister advise the committee when the airport will be built there estimated to cost $2 million; when will it be commenced and what is the expected date of completion?

Mr. Hees: We have plans in quite an advanced stage. We picked out a site which appeared to be suitable but I am now advised that we have received word that it is not suitable to the municipality, so the position is uncertain at the present time.

Mr. Chevrier: I understand, then, that the department will not proceed until such time as there is an agreement between the departmental officials and the municipalities with regard to a site.

Mr. Hees: That is correct. The municipality has to operate the field and of course it must be in a location which would be satisfactory to the municipality.

Mr. Chevrier: I take it that providing there is agreement an airport will be built there which will cost in the vicinity of $2 million.

Mr. Hees: That is correct.

Mr. Chevrier: Thank you. May I ask a question with reference to the airport at Three Rivers? I understand that there is a question of constructing an airport at Three Rivers which would cost in the neighbourhood of $5 million. Is that correct and, if so, may I ask how that airport will be built?

Mr. Hees: The estimated cost is between $3 million and $5 million. The city provides the site and operates the field and we build the airport.

Mr. Chevrier: What is the present position of the negotiations between the department and the city of Three Rivers with respect to the establishment of this airport?

Mr. Hees: They have agreed to this plan. We expect to award the contract this winter and a survey is going on at the present time.

Mr. Chevrier: May I ask one last question about the airport at Cornwall? The minister knows this has been under discussion for a long time. It was even included as an item in the estimates on one, if not, on two occasions, and that, I think, was found necessary because of the fact that this community is in the centre of the seaway operation and it was felt that it would be a desirable location.

Since then I have seen something which has interested me very much and upon which I must commend the minister. It is that the department intends to establish an airport at Brockville. I commend the minister on this, if it is the case, because I think it would be an excellent idea if there was a milk run between Montreal and Toronto along the St. Lawrence ports to serve places such as Cornwall, Brockville, Kingston and Belleville.

Mr. Benidickson: As is the case on the Winnipeg to the lakehead run.

Mr. Chevrier: If it is the intention to proceed in this fashion at Brockville I am sure the minister will want to give Cornwall the consideration it deserves and state that an adequate airport will be established there on the same basis as in the case of Flin Flon and Three Rivers.

Mr. Hees: Yes, we are willing to enter into the same kind of agreement with Cornwall as with Flin Flon, Three Rivers and other municipalities on the basis of their providing the land and operating the field. We will build it, and we have recently received a request to resurvey a possible site.

Mr. Chevrier: Could I make one further suggestion there? It is that perhaps the Cornwall case might be envisaged in a different light in view of the fact that it is now considered the hub of the seaway for both power and navigation. I know there are exceptions to the cases the minister has mentioned in the department in that sometimes, because of special circumstances, the department undertakes to pay for all the facilities. I am wondering if consideration cannot be given to that because of these special circumstances?

Mr. Hees: We will certainly give every possible consideration to it.

Mr. Bourget: May I ask the minister to apply my remarks on a previous item to item 462? Here we have the biggest item in the estimates, amounting to $61 million, and we have no details at all. The minister will realize that with the possible exception of the hon. member for Laurier who was formerly the minister of transport hon. members have difficulty finding out where the money is going to be spent and it is therefore difficult to ask questions intelligently.

Mr. Hees: Yes, Mr. Chairman. We will certainly see what possibly can be done. We will study the matter and make recommendations to the Department of Finance in this regard. As the hon. member knows the Department of Finance would have to agree to anything we may suggest. We will have a go at it.

Mr. Bourget: May I suggest that you follow the pattern established by the Department of Public Works. That is a good pattern.

Mr. Hees: We will do what we can. I agree with the hon. member about the desirability of following that pattern.

Mr. Chevrier: I do not agree at all, Mr. Chairman, I think the Department of Transport is a superior one to the Department of Public Works.

Mr. Hees: Thank you. I agree heartily with the hon. member for Laurier in that respect.

Mr. Bourget: The hon. member for Laurier was away from the house for three years.

Mr. Lambert: Mr. Chairman, may I ask the minister if there is a firm date for completion and operation of the new international airport at Edmonton?

Mr. Hees: There is no firm date, Mr. Chairman. At present it is estimated that it will be ready in 1961. We certainly hope so.

Item agreed to.

464. Contributions to municipalities or public bodies for construction and improvements of airports on land acquired by such organizations, including contributions to appropriate authorities in respect of airports at Lourdes-du-Blanc-Sablon and at Harrington Harbour, Quebec, $125,916.

Mr. Herridge: Mr. Chairman, I wish to ask the minister a question on this item and I shall use the utmost paucity of language. Under this item there have been certain improvements suggested to the Castlegar airport. I know the minister's engineers in British Columbia examined it, interviewed the manager of the airport and made a report. I do not see any particular figure here but knowing what the words "contingencies" and "incidentals" can cover, I wonder if the minister could inform the committee if there is any provision in the estimates this year for improvements to this airport disguised under the nom de plume of contingencies?

Mr. Hees: Mr. Chairman, I am advised by my officials that because of the characteristics of the location there is nothing we can do to further develop that particular field. I am familiar with it as I have landed and taken off from there several times and I know the problem. If there is anything that can be done we will do it but the limitations are those imposed by the particular terrain.

Mr. Herridge: Did I understand the minister to say that if anything can be done to improve the situation it will be done?

Mr. Hees: Yes, it certainly will, Mr. Chairman.

Item agreed to.

Air Transport Board—

467. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization, $337,179.

Mr. Benidickson: Mr. Chairman, I do not wish to hold up the minister. Yesterday the hon. member for Bonavista-Twillingate made some remarks to which I believe I could simply say "ditto". The minister knows I have had some qualms about the rigidity of the protection of a base under all circumstances within a radius of 25 miles for a

class 3 type, I believe it is. On the other hand this seems to be a most radical departure the minister has in mind. It has caused extreme consternation among the smaller air operators in the country. I would imagine that at least 50 per cent of the time spent by the air transport board in the past must have related to applications that are of a type that the minister is going to put in the unregulated field. I believe a second look should be given to this question. I believe there were some rigidities which were not necessary but the complete plunge that is proposed is undesirable in my view. If I am right in thinking that about 50 per cent of the time of the air transport board has been spent in the field of the smaller operators can the minister advise the committee what economies and reduction in staff are likely to result in consequence of this decision. Will the board be reduced? Will the total number of personnel be proportionately reduced as a result of no longer having anything more than what will probably be a routine look at this type of application? As I say, I protest the policy but I wish to know what kind of economy will come as a result of it.

Mr. Hees: I am advised by my officials that the type of licence referred to covers only 3 per cent of the total traffic in the country.

Mr. Benidickson: Perhaps that is so but I am not thinking in terms of mileage or dollar volume. I am thinking about my own correspondence and in terms of the time that would be involved in processing the charter applications. I am wondering to what extent the minister considers that the board under this policy will show a reduction in personnel of civil servants.

Mr. Hees: Mr. Chairman, the percentage of time spent by the board in the past in working on applications of this type amounted to about 10 per cent. There will be no reduction in personnel in the board. It will simply enable the board to get ahead faster with other types of applications.

Mr. Benidickson: Mr. Chairman, I must continue to urge the minister to have another look at this when the session concludes. I know that at the moment he is receiving very strong representations from the aviation industry of this country. They are alarmed and disturbed and I hope a final decision has not been made. I have always felt some modification might be desirable for all classes of licence but I believe the minister has gone too far in the announcement he made to the house this session.

Item agreed to.

[Mr. Benidickson.]

Board of Transport Commissioners for Canada—

468. Administration, operation and maintenance, $1,013,742.

Mr. Roberge: Mr. Chairman, I understand that under this item one can discuss in general terms matters relating to the board of transport commissioners. My remarks will have to do with the railway grade crossing fund.

Some hon. Members: Go ahead.

(Translation):

I understand those grants were made by the various governments and by the Board of Transport Commissioners for the purpose of giving the general public adequate protection at grade crossings.

Everybody knows that this legislation was enacted some years ago to provide protection at level crossings, because of the increase in highway and railway traffic.

On looking into the matter I have noted that this legislation has been improved from year to year. In fact, there is a government motion on the order paper calling for further improvements.

A case that I would like to deal with more specifically is that of proposed level crossings. I believe that according to the provisions of section 265, paragraph 6 of the act as amended in 1955, a level crossing must have been in use for three years before the Board of Transport Commissioners can make the grant requested.

(Text):

I should like to know if it is the intention of the government to further amend the law so the railway grade crossings to be constructed will benefit from those grants?

Mr. Hees: Mr. Chairman, there is a bill before the house at the present time which outlines exactly what is going to be done. Any application that has been approved by the board since January 30 of this year, when I made the announcement of an additional amount of money to be set aside for this purpose, will be eligible for the additional grants which will be made available by the legislation which I trust will be passed by parliament on Monday.

Mr. Roberge: Did I understand the minister to say that this will apply to railway crossings that are to be constructed or just to those that are actually recommended?

Mr. Hees: Anything that comes up from now on during the next three years and any applications that have been agreed to by the board of transport commissioners since January 30 of this year.

Mr. Carter: Has an agreement been reached between the board of transport commissioners

and the provincial government of Newfoundland with respect to the overpass between the trans-Canada highway and Isle Morte road at the Port aux Basques terminal?

Mr. Hees: My officials advise me that they do not think that is the case but they will check the files and advise the hon. member next week.

Mr. Carter: I thank the minister. If agreement has been reached perhaps he can also say what, if any, contribution the federal government is making toward this.

Mr. Hees: Yes. I will give that information to the hon. member.

Mr. Deschatelets: Mr. Chairman, I have a few remarks to make about a problem in the ridings of Hochelaga and Maisonneuve-Rosemont under this item. I am going to say a few words in French and then at the end of my remarks I will sum up and ask a few questions.

(Translation):

Mr. Chairman, I should like to take this opportunity of calling the minister's attention to a problem which is peculiar to the ridings of Maisonneuve-Rosemont and Hochelaga. If I include Hochelaga, it is because the hon. member for that riding (Mr. Eudes) has been confined to his home by illness for over a month.

I refer to an old railway line which crosses the ridings of Hochelaga and Maisonneuve up to Montreal East. For about ten years now we have tried to get the C.N.R. authorities to remove this old track and use the one bordering on Montreal harbour. The old track is not only a nuisance, but a hazard to children.

Ten years ago, the Businessmen's Association of Montreal East set up a committee which, after an on-the-spot investigation, made representations to the C.N.R. authorities. Furthermore, the member for Hochelaga and myself met several times with the C.N.R. authorities and tried to make them see that it was time that this track be lifted out, so as to clear up this section of Montreal. To this day we have not been able to convince the authorities that it is a matter of public interest to remove this track and to divert tank car and freight car traffic to the track bordering on Montreal harbour. The C.N.R. management claims this track still serves 25 to 30 industries situated along the track. We doubt this is still the case; at all events, these trains make several daily journeys across these ridings especially during rush hours, that is, towards 5.30 p.m., with the result that all the north-south and east-west traffic in Montreal East is brought to a standstill for more than five minutes at a time.

Mr. Chairman, this eastern part of Montreal is developing considerably, not only from a residential point of view, but also from a commercial point of view, and the continued use of this track in 1958 is a disgrace for the eastern part of the city, not to mention the resentment and discontent it causes among local residents. There is no reason why Montreal East should be treated differently from Montreal West, and even if the C.N.R. management could show that this track is still a paying proposition, I feel this is no reason for putting their own interest above that of the public, which requires that this time-worn, outdated, obsolete track disappear from our streets.

(Text):

I welcome this opportunity, Mr. Chairman, to ask the minister to take the proper steps and make recommendations to the Canadian National Railways to have the old railway line in the east end of Montreal removed so that the C.N.R. will transport its freight, and so on, along the shoreline of Montreal and not cross the east end of the city. I should like to ask three questions which the minister can take as notice and perhaps give me the information in a few days. If in the meantime the session ends I shall be satisfied if the minister will write me a letter to that effect.

First of all, I would like to know whether the old railway line crossing the east end of Montreal does so under a contract with the city of Montreal? If so, when was this contract signed and when does it terminate? How many industries and industrial plants are served by this old line actually, and what are the names of those industries concerned? What has been the volume of freight on this old line in the past year? What was the volume of freight in a comparative year, let us say 1950 and 1951?

Before taking my seat I would like to say that this old railway line is an eyesore which is impeding the progress of the east end. In a large measure this monstrous railway line which crosses the territory is one of the reasons why the eastern part of Montreal has been slower in its development than the western section. It is not only an ugly sight but a hazard. The minister would certainly

render a humanitarian service to our community if he would intercede with the Canadian National Railways and ask them to place the interest of the whole population of the eastern part of Montreal above their financial interests.

Mr. Hees: I shall be glad to look into these matters and advise the hon. member early next week.

Mr. Campeau: I should like to make a suggestion regarding the problem of the elimination of railway grade crossings. I take this opportunity of congratulating the Minister of Transport upon having the courage and wisdom to bring forward the most drastic solution to this serious problem of railway grade crossings ever proposed since 1909.

During the last 50 years each succeeding government has had to face this problem with its increasing toll of human life and suffering as well as the detrimental economic losses. However, it is sad to note that even with increased financial help from the federal government from 1909 to 1957 not more than 4,000 level crossings have been protected, of which no more than 1,500 were grade separated, leaving almost 30,000 crossing without any protection.

There is no doubt that with the urban development which has taken place throughout Canada, the increase in the speed of trains, the increase in the number of automobiles, the $63 million which was spent from 1909 to 1958 by the federal government, the provinces, the municipalities and the railway companies, the amount of money spent so far has been only a palliative and not a solution of this problem.

In the city of Montreal itself, the metropolis of Canada, there are about 140 railway crossings, 80 of which have grade separation, 40 are protected only by bells and other systems, and 20 have no protection at all. In addition, there are about 150 sidings crossing city streets which are absolutely unprotected. Statistics prove that in the city of Montreal accidents are 2½ times more numerous at level crossings protected by manually or automatically operated gates than at unprotected level crossings. This proves that the only thorough manner of eliminating railway accidents at level crossings is by a long term program of grade separation. However, there has been very little done throughout Canada towards improvement in this direction during the last 50 years.

The proposed measure providing $10 million for grade crossing improvement and elimination is a very constructive one, particularly since one of its main results will be to ease the financial burden on municipalities. This is one of the main reasons that the efforts made up to date have not met with too much success. In fact, for the next three years, the board of transport commissioners will be empowered, if the proposed measure now before the house is adopted, to increase its share of the cost of these works from 60 per cent to 80 per cent, while the maximum contribution from the board will go up from $300,000 to $500,000. These provisions will most certainly promote the actual separation of rail from road. The government believes it will have this effect because they have announced their intention to make available $10 million annually for the next three years to the railway grade crossing fund. This is almost twice as much as the amount spent by previous governments from 1909 to 1957.

Now, Mr. Chairman, we have had the announcement of a great national development program by the present government, which is being gradually implemented by appropriate measures, which will integrate the human, physical and economical forces of all regions of our great country towards full employment, and which will fully exploit on a long term basis all our potentialities from the Atlantic ocean to the Pacific ocean and even deep into the Arctic regions. The proposed measure tending to reduce useless deaths and suffering and increase the efficiency of our railways and highways certainly is justified in view of the goals set for such an integrated national development program, namely the betterment of the standard of living of every Canadian citizen; the preservation of our human capital and natural resources; the tapping of our numerous undeveloped resources; the broadening of our basic production and the binding of the Canadian economy into a solid, compact unit giving an equal opportunity to every province.

This integral national development program, Mr. Chairman, is bound to provoke the construction of many new highways and the extension of many railway lines as part of a program of public works which is an integral part of this national development program of ours. It would be regrettable if in the implementation of such a program we were still to suffer the plague of level crossings with their useless toll of life and efficiency.

As the present Minister of Finance so aptly said in 1955, it is true that grade separations cost a lot of money but one has to consider also the economic losses and the suffering which occurs every year at level crossings, and which could be avoided. One has to take into consideration also the effects of fast and efficient transportation on the Canadian cost of living. The main obstacle in

the past has been the inability of both railway companies and municipalities to meet the cost of grade separation. Since 1909, the federal government has been forced into showing more and more interest in the national problem of railway grade crossings. Experience has proven that federal aid had to be constantly increased over the years. However, it is to be noted that it was during the economic crisis that most of the grade separations were effected because additional funds were granted to the railway grade crossing fund and even contributions of 100 per cent could be made by the then board of railway commissioners towards these projects.

The present measure provides the most daring effort ever made by any government towards an efficient solution of this problem, and I am entirely in favour of its adoption. The proposal is for a three-year period, probably as a means of testing the effectiveness of the measure with a view towards finding a permanent solution. May I suggest, Mr. Chairman, that during this three-year testing period intensive research be conducted towards finding a way of relieving the municipalities of the financial burden which is worsening their already poor financial situation. If we could integrate these grade separation projects within the national development program we would thus ensure the implementation of an efficient and realistic program of railway grade crossing elimination within a reasonable period of time to the great benefit of our constantly increasing urban population.

Mr. Lambert: I wonder if the minister could advise whether or not there are outstanding before the board of transport commissioners any applications for proposals from the city of Edmonton with respect to overhead or subway crossings of the mainline of the Canadian National which comes into the city of Edmonton? In this particular respect I should like to draw his attention to the necessity for the early construction of some form of grade separation at the western limits of the Calder yard on the mainline of Canadian National at 127th street. Because of the very rapid expansion of the residential area in Calder, and the use of this single crossing of the mainline of the Canadian National which is the only crossing for nearly 2½ miles and because of the residential developments in connection with the Namao and Griesbach military camps, it is of great necessity within the near future to have grade separation constructed in this area. There is a great deal of traffic and horrible tie-ups result at the wrong time of day.

Mr. Hees: In so far as the question of the hon. member is concerned, we have not that information available here, but we will get it for the hon. member.

Mr. Gour: I should like to bring to the attention of the Minister of Transport the fact that I have innumerable level crossings in my riding over both the Canadian National and Canadian Pacific railways. A great many accidents have happened, most of them within the city of Ottawa. I find that there is too much delay on the part of the two railroads in deciding to have special protection at these crossings within the city of Ottawa. I can think of at least four accidents that have happened within a year, most of them in the Alta Vista and Riverside drive area.

In my own village the railway runs through the middle of the village and now that people wish to travel so fast, these special trains go through at rates that appear to be about 100 miles an hour. The trains are not going that fast actually, probably only about 70 miles an hour. In my own village there are five very dangerous railway crossings. I find that the solution suggested by the railway is too high in cost for that small place. It will cost a considerable amount for the small municipality. With the increase in the estimate this year I should like to bring to the attention of the CNR that they should have gates or at least the lights. I refer to blue lights or rather red lights. The government is the former colour; I prefer the red lights anyway.

I congratulate the Minister of Transport. He is doing a good job. He is a good imitation of his immediate predecessor in office. If he will just go ahead like that he will be a first-class imitation of two first-class ministers of transport, namely Mr. Marler and the present hon. member for Laurier.

I will not say any more at this time except that I think it would be only reasonable that trains slow down when they pass this Casselman crossing and that they should not pass it at a speed greater than 40 miles an hour. I understand that people want to travel fast today but I think they are going a little bit too fast. People get on the train and they think they can be in Ottawa right away. The old people are not going so fast and I think they should have some protection at this Casselman crossing. The same applies in other places such as Limoges, where trains pass in the middle of the village. In every place where they pass in the middle of a small village or town, they should slow down to a speed of not more than 40 miles an hour.

Item agreed to.

Supply—Transport

469. Amount to be credited to the railway grade crossing fund, in addition to the amount, if any, to be credited to the fund under the Railway Act in the current fiscal year, for the general purposes of the fund and for the purpose of contributing towards the cost of an exceptional number of railway grade separation projects on the trans-Canada highway in British Columbia, $10,000,000.

Mr. Bourget: I understand that this is a new item, that it was not in the estimates last year. Can the minister tell us what will be the amount for the purpose of contributing towards the cost of an exceptional number of railway grade separation projects on the trans-Canada highway in British Columbia, or what part of the $10 million will be attributed to that purpose?

Mr. Hees: Approximately $2 million.

Mr. Bourget: Is there a special agreement with the province of British Columbia for that purpose?

Mr. Hees: There is no agreement. There are several projects which will be proceeded with under this vote.

Mr. Bourget: Can the minister give us some comments on the matter? I cannot understand exactly the purpose of that vote. Frankly, I have no objection to it but I should like to know how it works and what is the procedure followed in the circumstances in connection with the province of British Columbia. I know there are a number of railway grade separation projects because I have been on that highway. However, I should like to know what is the procedure to be followed.

Mr. Hees: I think this gives the hon. member the answer to his question. On October 1, 1957 there was in the fund an uncommitted balance of some $2,400,000. However, the cost of current urgent projects which should be undertaken during the present fiscal year exceeds this uncommitted balance. Hence if grants were to be made available to trans-Canada highway separation projects in British Columbia, no funds would be available for allocation to current projects elsewhere in Canada. On the other hand, if funds are not made available to solve the problem occasioned by the construction of the trans-Canada highway in British Columbia, the province can rightfully claim that this constitutes a departure from the treatment accorded all other provinces in the past. I am advised that other provinces have received the same type of treatment. It just happens that it is more expensive in British Columbia.

Mr. Bourget: I should like to avail myself of this opportunity to tell the minister that in the city of Quebec there are many railway grade crossings. The city of Quebec is not in a financial position to do that work. I was wondering whether the city of Quebec, for instance, even though it is not on the trans-Canada highway, could make application under that "special contribution" as it is described here.

Mr. Hees: The city of Quebec and any other municipality may make application under the railway grade crossing fund at any time.

Item agreed to.

Canadian Maritime Commission—

470. Administration, $153,488.

Mr. Howard: I should like to inquire from the minister as to what are the arrangements at the moment with respect to the subventions to be paid to shipping companies on the coast of British Columbia; what companies are to be paid; the amounts and the routes to which the subventions apply.

Mr. Hees: Yes, Mr. Chairman. At the present time the Canadian maritime commission is negotiating with Northland Navigation Company Limited for the establishment of the services on the west coast of Vancouver island on the one hand and to the Johnson straits-Bella Coola and northern ports area on the other hand. For the west coast of Vancouver island the subsidy will be based upon the annual rate of $100,000; the contract will cover the period from August 13 to December 31, 1958; there will be a recapture provision preventing excessive profits. The contract will provide for weekly service to the following ports with the former Canadian Pacific railway vessel *Princess of Alberni*: Vancouver, Sointula, Port Hardy, Bull Harbour—at the contractor's option—Fisherman's Cove—at the contractor's option—Chamiss Bay, Esperanza Inlet, Zeballos, Ceepeecee, Tahsis, Nootka, Gold River, Moyah Bay, Hesquiat, Hot Springs Cove, Clayoquot, Ahousat, Kakawis, Tofino, Clo-oose, Port Renfrew and Vancouver. This is not the same service as formerly provided by the C.P.R. and if it is not as satisfactory there is an option in favour of the crown to revert to the former service. The contract will contain a further option in favour of the crown to make the service fortnightly with service on alternate fortnights to the Queen Charlotte islands covering the ports of: Vancouver, Queen Charlotte City, Sandspit, Massett, Port Clements, Justkatla, Port Hardy, Sointula and Vancouver.

For the service in the Johnson straits-Bella Coola and northern ports area, subsidy will be paid at the annual rate of $194,500; the contract will cover the period from the first sailing, a couple of weeks ago until

March 31st, 1959. There will be a recapture provision similar to the one mentioned in the previous paragraph. The following ports of call will be served on a weekly basis: Vancouver, Englewood . . . Alert Bay, calls at Rivers Inlet, at the contractor's option provided they do not interfere with the schedule, Namu, Bella Coola, Ocean Falls, Bella Bella, Klemtu, Butedale, Prince Rupert, Port Simpson, Kincolith, Stewart, Alice Arm, Prince Rupert, Kitimat, Butedale, Klemtu, Bella Bella, Ocean Falls, Bella Coola, Namu, Alert Bay, Englewood, Vancouver.

In the near future I will be placing a submission before the treasury board to authorize the transfer of the money formerly voted for the Canadian Pacific railway subsidy to the Northland Navigation Company. This will take some time as the company has not yet filed with the commission all the necessary information for this purpose. The service has already started.

Mr. Howard: I would like to congratulate the minister on his pronunciation of some of the names, and I appreciate his difficulty because they are very difficult to pronounce if you are not familiar with them. I understood the minister to say that the maritime commission was presently in communication with this company with respect to the services with which he has just dealt, so that there is nothing definite at the moment.

Mr. Hees: The contracts are not yet signed, Mr. Chairman, but the service has already started on the basis I have outlined.

Mr. Howard: I have one or two remarks to make with respect to shipping on the coast of British Columbia. The report of the royal commission on coastal shipping was made public not too long ago, which cost the taxpayers some $251,000. I am sure residents in other parts of Canada who are affected by coastal trading and shipping generally were interested in this report, but those of us from British Columbia, who are naturally interested in shipping, were hoping for something fairly decent in the way of recommendations by this royal commission. In so far as the British Columbia shipping is concerned, however, it was a complete waste of a quarter of a million dollars. The shipping needs of the people on the coast of British Columbia appear to have been disregarded or forgotten by the gentlemen who composed that royal commission.

For quite a number of years now the attitude of the governments of Canada—and this remark does not apply to any particular government or to any particular minister—with respect to shipping on the coast of British Columbia has been one of negligence. They appear to be fumbling from one year to the next, hoping that not too many difficulties will arise at the start of the year and when the year is at an end they say, "Well, nothing serious happened; we have got through another year, so we don't have to worry too much about it." I am sure the minister will agree with me that this is not too sensible an attitude to have adopted in past years. The needs of the people living in the communities all up and down the coast should no longer be disregarded, nor should the service to them be disregarded in the development of any shipping policy so far as the Canadian government is concerned.

Unfortunately, in the past few years a number of charges have been made that political consideration was the main factor in respect of our coastal shipping. Union Steamships Limited, for instance, is a company which has been operating on the coast of British Columbia for quite a few years, and some years ago it came under the ownership of an hon. member of the other place, a senator who belongs to the Liberal party, When this took place one heard charges laid that the government of the day, which was a Liberal government, was playing political favourites with Union Steamships because the owner of the company was a member of the Liberal party. That, of course, did not help the situation too much; it in fact clouded over the issue and it is unfortunate that these things were said. Then we had another company which was mentioned just a moment ago by the minister, Northland Navigation Company Limited. Until this year this company was actively engaged only in a freight service, but this year it entered into a passenger service on the coast. Charges were made that the Northland Navigation Company had very close connections with our Social Credit government in Victoria, and as a consequence was able to get special favours in respect of the shipment of goods coming under the jurisdiction of that government. That, of course, did not help matters either, but it too tended to cloud over the issue.

Last year we got into a most difficult situation owing to the difference of opinion between one of the companies operating on the coast with respect to the amount of subsidy they needed and for some months during last winter we had no adequate passenger or freight shipping facilities on the coast of my province. The whole program, the whole schedule of routes which had been established over many, many years, and which were adjusted from year to year by the companies concerned, was entirely upset, and many communities were isolated. I got telegrams, letters and phone calls galore, as I am sure did the

minister or the officials in his department, as a result of this turmoil in shipping last January.

Unfortunately the picture in so far as the possibility of further charges of political considerations in respect to shipping on the coast of British Columbia is concerned, is a bleak one. I say this because we know that the Northland Navigation Company—and it is certainly within its rights to do this if it wishes and I am not suggesting that these things should not have been done; but I merely raise this to point out that it once again lays the question of shipping on the coast open to charges of political connivance and of favouritism to a particular company—or an officer of that company contributed to the campaign funds of the Conservative party. This is very unfortunate, because the people who suffer are certainly not to any extent the shipping companies and certainly not the federal government, but the hundreds of people living in the many small communities all up and down the coast of the province of British Columbia. There are a number of question marks which we must raise with respect to this particular arrangement which has today been announced by the minister.

We understood, and it was announced by the minister, that when Northland Navigation bought two ships from the C.P.R., the *Princess Alberni* that used to run along the west coast and the *Queen of the North* that used to run on the upper coast, those two ships would be operating under the same subvention arrangements that were made with the C.P.R.—the regulations might be changed a little here and there, but nothing too drastic. Northand Navigation entered into an agreement to buy the ships knowing that certain subsidies were in question and that certain routes were involved. Union Steamships and Northland Navigation serve certain parts of the coast and the attitude should have been: no change in the subvention, no substantial change in the routes to be followed; no drastic adjustments in the ports of call. They should be able to operate under the conditions and under the subvention arrangements that existed before they bought the ships from the C.P.R. unless they knew in advance they were going to receive some different consideration.

But we find that Northland Navigation is not going to operate on the same routes as the C.P.R. Whether it is for better or for worse, time will tell, but we find that Northland Navigation is going to change its routing around Vancouver island. Instead of going around the southern end they are to go around the northern end, under subsidy, to compete in effect with a service by another company to the same areas operating on a non-subsidy basis. We find that part of the northern run the C.P.R. was operating is going to be abandoned. An announcement was made by Northland Navigation a few days ago that the former *Queen of the North*—I do not know what the name is now; they have changed the name of it—that was operated by the C.P.R. is not now going to call at the Portland canal ports, Fort Simpson, Kincolith, Stewart island and so on. The former *Queen of the North* is not going to call in at these places. The run to Stewart is going to be abandoned by the ship that was formerly the *Queen of the North* and added to that is the route into Bella Coola under subsidy competing with the company operating into Bella Coola now without subsidy. We find that Northland Navigation, because it has abandoned the northern route, an additional round trip of about 80 miles, is able to revise its schedule and come into certain ports on the coast about one and a half hours before the Union Steamships are scheduled to call there, they being under subsidy, and Union Steamships not under subsidy.

I understand that under previous subvention arrangements it was difficult for a company receiving a subvention or a subsidy to change its schedule. It had to have prior permission from the Canadian maritime commission, which was most difficult to obtain. Apparently Northland Navigation does not have that difficulty in view of the announcements they make from day to day about changes. It has always been my understanding that the attitude of the governments in the past and the attitude of the Canadian maritime commission is that you should not subsidize one company to compete against another company that is not receiving a subsidy, but that is precisely what is happening in this case.

As I said earlier, the people who will suffer will be the people who live all along these coastal points. From the knowledge we are able to get of the work which will be done in the logging industry on the coast of British Columbia it is likely they will be operating to full capacity with the industry going as far as they can into the winter regardless of the amount of snow because they are short of logs and because markets are picking up to some extent. We find, and I am sure, the government will find this winter, that it will not be necessary to pay a subsidy such as they set out just a moment ago. That is something that should have been taken into consideration in years past. It should have been studied. It should have been looked at. I am sure many people who are interested in this, maybe from a particular point of view, would

like to know—but I do not know—why there was a sudden change in attitude with respect to subsidies that were being paid. I have copies of a couple of telegrams which I would like to read into the record. One is a copy—it did not come out too well, but I believe it is dated August 8—of a telegram to Captain J. A. Macdonell, of Union Steamships Limited, Vancouver, B.C. and it says:

As result various proposals discussed am now authorized advise you submission to treasury board will be made requesting authority pay to you subsidy on basis $150,000 per year prorated for time served from date of contract to 31 March 1959 calling with vessel *Catala* at ports listed for *Catala* route your letter 25 July 1958 with call at Campbell River at your option. Contract will contain recapture clause as outlined to Chestnut. At same time concluding arrangements with Northland Navigation for service similar to former C.P.R. service with *Queen of North* result of which will be duplication of service at Alert Bay, Namu and Ocean Falls only. No action being taken on your other proposals. Expect Northland to undertake service to four northern ports for which you receive interim subsidy on August 12 so anticipate discontinue interim subsidy accordingly.

That was on August 8 and it was signed by Mr. L. C. Audette, Chairman of the Canadian maritime commission.

On August 11, a Monday, over the week end another wire was sent to Captain J. A. Macdonell of Union Steamships signed by L. C. Audette of the Canadian maritime commission. This said:

Cancel my telegram August 8 concerning your proposals for subsidized steamship service. Urge no action on your part based on my previous telegram.

So during the week end the Canadian maritime commission obviously—and I am quite sure it was this way; certainly not on its own but in consultation with other officers in the department—had decided that certain arrangements were going to be made. Then on Monday the mind of the maritime commission was changed for it and other arrangements were entered into. We wonder why the decision was reversed. We can expect, I am sure, that it was because Northland Navigation Company Limited said: we are able to operate this service at a subsidy or a subvention much lower than that which you have had to pay in years past. The departmental officials undoubtedly looked at this and said: that sounds like a good idea; it is going to cost us less money. Go ahead and do it. And they did this without any investigation of the requirements on the coast other than the cursory one last January when they had to do something. There was no thorough study, no idea of passenger requirements or freight requirements. Why was this decision suddenly taken to reverse completely what had been decided?

That, coupled with the fact, as I mentioned earlier, that political consideration has been dragged into this question of shipping on the coast in years past certainly makes one wonder whether that is still being given consideration.

I certainly do not wish to place on the record any mention of the amount of those contributions or to whom they went, but they were made. It is most unfortunate that after the experience of last winter the government has decided to go ahead with certain subsidies to a specific company for certain routes without giving too much thought about what may happen in years to come. This demonstrates a lack of foresight. When this government took office I sincerely hoped there would be a change of attitude and that there would be someone appointed with a thorough and comprehensive knowledge of shipping and shipping requirements to study completely and thoroughly the problem along the coast of British Columbia and make recommendations and if it were found that subsidies are necessary that person could have decided what they should be, when they should be applied and to what routes they should be applied but so far we have had nothing of that nature.

I repeat again that in my opinion and in the opinion of C.C.F. members as far as transportation is concerned and specifically transportation on the coast of British Columbia there is only one solution. I have heard a number of people who do not belong to the C.C.F. and who certainly are not partial to it agree with the contention that in order to provide adequate service there it must be done through one agency and not through a group of companies, some under subsidy one year and some under subsidy another year depending on who is in office, some having shipments channeled by the government depending on how friendly they are and, all in all, service being a secondary consideration. I am not familiar with the shipping situation in other parts of Canada but unless we can operate shipping on the coast of British Columbia through one agency we are going to continue to experience this turmoil.

I would hope there will be a detailed analysis of the requirements of shipping and transportation on the coast of British Columbia and arising out of that study sensible recommendations made on the basis of the service necessary for those communities that have been disregarded for almost a year.

I hope, just as I am sure the minister hopes, that the announcement he made a moment ago with respect to subventions and the routes they are to cover will not lead us into the same difficulty and confusion we experienced last winter when ports of call were abandoned.

I am sure there are not many in the department or on the government side of the house who know whether or not the subsidy arrangements will work out satisfactorily. I am sure they hope as I do that they will. With all due respect to Northland Navigation my fear is that the company will not be able to perform the service at the suggested price under which it got the contract. I understand that already the company has had to make changes in the number of personnel manning the ships. It has encountered difficulties and already the operating costs are somewhat near those experienced by the C.P.R. when that company was providing the service and of course the C.P.R. was able to absorb substantial losses because of its size.

I appreciate the opportunity of mentioning these things. Doubtless I have repeated statements I have made in other related debates but I felt it necessary to do so. Under our present system I am not partial to any particular company operating in preference to any other. I am concerned only that service be provided to these communities. In my opinion the only way that can be done is through one comprehensive organization—a crown corporation, if you wish to put it that way—that will have as its supreme consideration service to isolated ports.

Mr. Hees: Mr. Chairman, I should like to take this opportunity of clearing up several of the points raised by the hon. member for Skeena. First of all I am glad to be able to assure him that the four ports north of Prince Rupert will not be abandoned. Service will be continued but by a smaller vessel, the *Alaska Prince*, which will make it possible for the larger vessel, the *Queen of the North*, to make the long run, 60 miles in and 60 miles out, to Bella Coola which service the hon. member last winter was very keen on having carried out.

I am glad to be able to assure both the hon. member and the committee that rather than Northland Navigation being able to get the same subsidy for a smaller number of calls, actually the company is adding one extra call, that is the long trip into Bella Coola, and is doing it for exactly the same subsidy as the C.P.R. received.

Mr. Howard: Mr. Chairman, I wish to make one further comment. You will have noticed that I was very careful to say the *Queen of the North* was abandoning the run.

Mr. Hees: Mr. Chairman, the hon. member apparently misunderstood me. I simply said that these ports were not being abandoned and that a similar ship would be servicing the four ports north of Prince Rupert and would enable the *Queen of the North* to make the long run into Bella Coola which run the hon. member last winter was very keen to have made. It will make the long run into Bella Coola and out again.

Mr. Howard: We are probably agreeing with each other but using different words. Before this item passes I shall make one further comment. The minister made reference to a ship that would service the Queen Charlotte islands. It will never be able to do it. If it attempts to cross Hecate strait or Queen Charlotte sound in the fall or winter there will be no ship at all because it will be at the bottom of the water. There is only one ship on the coast that is adequate to service the Queen Charlotte islands. Any attempt to subsidize the ship of another company to service the Queen Charlotte islands will be detrimental to the requirements of the people there.

Item agreed to.

471. Steamship subventions for coastal services, as detailed in the estimates, $4,898,000.

Mr. Carter: Mr. Chairman, may I ask the minister to whom the Newfoundland portion of these subventions are paid, in what amounts, and on what basis?

Mr. Hees: To the Canadian National Railways, Mr. Chairman, and the amount is $2,800,000.

Mr. Carter: I know the amount, Mr. Chairman. Does any one else other than the C.N.R. get any payment?

Mr. Hees: No, Mr. Chairman.

Mr. Carter: Can the minister say on what basis that is calculated?

Mr. Hees: It is paid on a straight deficit basis.

Mr. Carter: Deficit?

Mr. Hees: Yes, deficit on operations.

Item agreed to.

National Harbours Board—

472. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1958 on any or all of the following accounts:

Reconstruction and capital expenditures—	
Halifax	$ 855,000
Saint John	100,000
Chicoutimi	400,000
Quebec	5,000,000
Generally—	
Unforeseen and miscellaneous	200,000
	$6,555,000
Less—Amount to be expended from replacement funds	25,756
	$6,529,244.

Mr. Argue: Under this item I believe I can raise the question of tolls charged on the Jacques Cartier and Victoria bridges in Montreal. I do so because this problem has been brought to my attention by a number of residents of Montreal and of other residents of the province of Quebec, including Mr. Michel Chartrand, the leader of the C.C.F. party in that province. I am informed that those tolls add to the taxation burden or the burden of doing business in the Montreal area and are a real nuisance to the people who have to pay them. I understand that the Victoria bridge, at any rate, is an old bridge that was paid for many years ago. As far as Jacques Cartier bridge is concerned, its operation is by agreement among the government of Canada, the government of the province of Quebec and the city of Montreal. Under this item, can the minister inform us what consideration has been given to this problem and whether the people of Montreal can look for action from the government which will result in the removal of those tolls in the near future, about which the people of this area feel very strongly?

Mr. Deschatelets: As a citizen of Montreal, I should like to say a few words on the problem of those two bridges. Is the minister aware of the tremendous increase in traffic which has taken place in the past few years and the difficulties that the people have, especially on week ends, to cross those two bridges in their cars?

If possible, I would like the minister to promise me that one of those week ends after the session is over he will take his car and try to cross one of those bridges on a Sunday. If he does that, I am sure he will come back and will find a way if possible to facilitate the movement of cars over those bridges. What remedies can be brought to bear on the problem I do not know. I did not make any special study of the problem, but I just wonder whether, until we build a third bridge in the east end—and all across the country where there is a similar problem—on Sundays we could remove all tolls on all bridges that come under the jurisdiction of this board. I do not want to say any more on this problem at the present time but I should like the minister to examine the possibilities of accelerating the movement of traffic on those two bridges.

Mr. Hees: I would like to answer these questions as we go along. First of all, with regard to the question of the hon. member for Assiniboia with respect to the removal of tolls on those bridges, this matter has been considered very seriously and there are no plans at the present time for removing those tolls. With regard to the question of congestion on the Jacques Cartier bridge, the national harbours board will be calling tenders for the building of one additional lane on that bridge in about two weeks time.

Mr. Denis: May I suggest to the minister that he communicate with the city of Montreal and the province of Quebec. I understand three parties are concerned in this toll business on the Jacques Cartier bridge. I think the city of Montreal has something to do with it and so has the province of Quebec. If I recall correctly, during the regime of the former government a question was asked by the former member for St. Mary. The minister at the time answered that the federal government was ready to negotiate a way in which to abolish this whole business of tolls if the city of Montreal and the province of Quebec would undertake to negotiate with the federal government at that time.

Will the minister try to communicate with the province of Quebec and see whether the provincial government is still interested because there are so many things we are stuck with. It looks as if the minister is afraid to communicate with the province of Quebec to see whether the present government of Canada or the government of Quebec is to blame. The people would like to know because the Jacques Cartier bridge and the Victoria bridge are an obstacle to the movement of traffic. Montreal is an island. We have over a million people on that island. Like the hon. member for Maisonneuve-Rosemont, I suggest that the minister take a drive down there on a week end. If he lived in Montreal I am sure the minister would never use his car on Saturday or Sunday. This is so important that my colleague might want to make another province of the city of Montreal. I do not suggest that he is absolutely wrong. I suggest that the minister communicate with the province of Quebec and the city of Montreal to see whether a means can be found to get rid of tolls because they are obsolete. It is time that we organized Montreal as well as the rest of the country.

Mr. Chevrier: May I ask a question? I do not want to interrupt my hon. friend but I am going on to another subject, namely the amount of money allocated for the port of Quebec. Will the minister give details of that expenditure?

Mr. Hees: Yes, I shall be glad to, Mr. Chairman. Reconditioning and widening of berth No. 18, $900,000; marine towers and receiving galleries of berth No. 18, $1,500,000; addition to grain elevator, $2,000,000; improvements to electrical system of Princess Louise docks, $150,000; construction of shed No. 8,

$350,000; partial dust control system in grain elevator, $25,000; concrete wall at open berth No. 27, $25,000; additions and changes to existing grain elevator system, $50,000; total, $5,000,000.

Mr. Chevrier: What will be the additional capacity of the grain elevator?

Mr. Hees: It will be 2 million bushels.

Mr. Chevrier: Is that extension being made in anticipation of further grain trade arising out of the development of the seaway?

Mr. Hees: Yes, Mr. Chairman.

Mr. Bell (Saint John-Albert): Mr. Chairman, I have been asked to bring some figures to the attention of this committee, but first may I say that yesterday the hon. member for Halifax placed figures on the record which showed the very serious disproportion of trade of Canadian produce leaving this country through United States ports rather than Canadian ports. I wish to associate myself in every respect with the remarks he made at that time. Perhaps I should commend him upon the fine research work he did in this regard. This subject has been mentioned on previous occasions in this house, but the hon. member has come up with a very fine bit of work which calls attention to this problem in a very pertinent way. I hope that in later sessions we will have the opportunity of going into this problem in greater detail.

Referring particularly to the port of Saint John, which is my main consideration here today, I want to say at the outset that we are very optimistic about our future. Our industrial expansion in the city has been commendable. We appreciate the new facilities that the Department of Transport is planning. There is a new marine agency wharf, and I understand that plans for a long wharf will be produced shortly. It might be in order also to mention the leadership of the minister in negotiations which are nearly completed with regard to a new oil refinery that will be established there, and the part that the national harbours board played.

However, keeping in mind that optimism, we are a bit worried about the future, particularly in so far as the St. Lawrence seaway is concerned and its impact on the shipping and freight of this nation. We are keeping our eyes open in that regard. Incidentally, I have here, Mr. Chairman, figures which perhaps are not as widely circulated as the tonnage figures issued by the national harbours board. The tonnage figures, of course, do not give the complete story of the actual work a community receives from the movement of freight in and out of that particular port. The figures that are now available, I think, point up some trend that could be serious for both Halifax and Saint John.

The international longshoremen's association and the shipping federation of Canada keep a record in Montreal, which is audited by Clarkson, Gordon and Company—I have them here and they go back to 1954—which shows the amount of hours and the amount of pay that longshoremen alone received. This record does not refer to any other workers in a port, only the longshoremen. This record is maintained in connection with their various social benefits and particularly in connection with the new retirement plan. I will not put the entire figures on the record today, Mr. Chairman. As I say, they do not necessarily prove anything at this stage, but I should like to compare the eight-month period ending July, 1958, with that same period ending July, 1957. These records show a loss of manhours in the port of Saint John of 345,024; in Halifax of 310,339; Montreal is down, but only to the extent of 176,305, and Quebec is not greatly affected since the loss in this period is only 31,677.

I merely draw this to the attention of the house because it suggests that Halifax and Saint John are going to have to watch their position very closely in the future, particularly when the seaway is open. This may be the beginning of a trend towards a serious decrease in the manhours which the longshoremen work in these particular ports. I know that the department and the national harbours board are on their toes so far as port business is concerned, but I suggest that we will have to come up with some idea of specialized port traffic, something to take away from the extremely seasonal nature of the work and the dependence we have upon the few short winter months that now exist.

Mr. Chevrier: I have one last question. Can the minister tell me when the work was started on the extension of the grain elevator at Quebec?

Mr. Hees: January 1, 1958, Mr. Chairman.

Mr. Campeau: I should like to take this opportunity to bring to the attention of the Minister of Transport a major traffic problem in relation to the harbour of Montreal. When the St. Lawrence seaway is completed the harbour of Montreal will no longer be located in a cul-de-sac, and will have to face intensive competition from other Canadian urban centres. This competition will mean Montreal will have to offer better conditions and facilities in its harbour, especially from the point of view of traffic. An extensive study recently made by a McGill University group has demonstrated this very point. The report has shown the need for renovating the traffic facilities in the harbour area.

If one looks at the access roads to the harbour he will be convinced that they were designed a long time ago for means of transportation other than those presently in use. Furthermore, the harbour of Montreal cannot be dissociated from the rest of the city. There is no doubt that the east-west expressway planned by the city along the waterfront should be integrated with the future development of the harbour. In fact, from McGill street to the Jacques Cartier bridge, such an expressway could very justly be considered as a vital part of the harbour itself. Millions of dollars may be spent on grain facilities and other freight sheds, but all these improvements will be useless unless they are served properly by adequate traffic facilities from the city. Let us point out as an example the loading and unloading of trucks in the middle of Commissioner street, which is certainly the least efficient solution which could be found at the present time to these trucking problems.

In this connection the harbour could gain much needed vital space in its most crowded and active section by co-operating with the city of Montreal in the implementation of its project for the rehabilitation of the old warehouse and wholesale district between Place Royale and Bonsecours church, and the integration of the east-west expressway within that rehabilitation project.

May I point out also that parking accommodation is lacking, although the stevedores alone do park more than 500 cars today in the harbour area. Some thought could be given to the suggestion made by the local unions for using the roofs of sheds for parking accommodation until the time when ground space will become available.

Item agreed to.

Loans, investments and advances—

St. Lawrence seaway authority—

512. Loans to the St. Lawrence seaway authority in such manner and subject to such terms and condition as the governor in council may approve, $128,000,000.

Mr. Chevrier: I am sorry to hold up this item, but I feel that I should make a short comment. It is to tell the minister that I think he has in the seaway authority three excellent officers to carry out the work which was begun. He has an expert in finance, an expert economist and an expert engineer, the three of whom are quite familiar with all the work that remains to be done. I had the opportunity of visiting the seaway recently, and I was happy to see that progress in the work was going ahead at a rapid pace. There were some difficulties in the way. I see by the press that many have been ironed out. I refer particularly to the bridge at Cornwall, which I understand will now be completed in time for the month of November as first anticipated. Water has been, I understand, put in the Lachine section at Caughnawaga, and that operation has been successful.

I should like to have the minister state that the work is progressing according to schedule. Then, there is one final word, and I do not apologize for stating it at this time; it has to do with the headquarters building at Cornwall. I regret very much that there is misunderstanding in connection with this building. I want to make it quite clear that it was always the intention, in the minds of the St. Lawrence seaway authority, to establish at Cornwall the headquarters building of the St. Lawrence seaway authority. That was decided by the government at the time. If that decision is not carried out, I think an injustice will be done to the citizens who reside in that community. At the time what was envisaged was that there would be brought to Cornwall all of the officers of the St. Lawrence seaway authority save and except the head office group which would remain in Ottawa. Over and above that, the headquarters of the canal services would be moved to Cornwall. There would also be the technical engineers and staff of the international board of control that are to remain in existence for a period of 10 years. This is the group that will supervise the operation of the seaway at the level 238 for the first 10 year period after which it will go up to 242. The resident engineers of that board were to be established there as were the toll collectors. Those who would be responsible for the collection of tolls were to go to that area as well as the administrative officers of the Ontario-St. Lawrence canals, making a group of 250 to 300 people. I was keenly disappointed the other day to hear that only about 125 people are going to occupy this building. I hope that is not the case. I hope the minister will see to it that the decision which was made by the earlier government is carried out. It is true that the minister and this government can change that decision; they have the power to do that. However, if they do it, I think an injustice will be done. There is in Cornwall a building which has not been too costly and which is being operated at little or no cost because the then directors, the members of the St. Lawrence seaway authority had, in my opinion, the good sense to rent the ground floor to the Canadian Bank of Commerce for a period of many years, on a long-term lease. I believe that is the only occasion of which I am aware where a crown agency has done that, although I may be wrong. That decision makes it possible for that building to be maintained without cost to the government of

Canada. It therefore seems to me that no vacant space should be left in that building. I appeal to the minister to carry out our decision.

I hesitate again to take up another two minutes but I regret the statement which was made yesterday by the hon. member for Danforth when he paid tribute to the decision of the Canadian government to get tough on the question of the St. Lawrence seaway, when he paid tribute to the former administration for their determination to see to it that if there was not to be co-operation with the United States government, Canada would go ahead and build the seaway alone. Having said that, with which I find myself in agreement, he went on to add this paragraph which in my opinion is unfortunate and with which I entirely disagree. I quote from page 4290 of *Hansard*:

> But after that our tough policy was watered down. It became lukewarm and the United States eventually took over and dictated the whole policy as far as the St. Lawrence seaway was concerned.

That statement is absolutely incorrect and inaccurate. The whole policy or a great portion of the policy in connection with the St. Lawrence seaway is being initiated by the federal government. It was dictated by the last government and it is being handled by this government in co-operation with the United States government. What we must not forget is this. The St. Lawrence seaway authority has succeeded with the present administration in following the recommendations made by the former administration that all of the tolls—although much of the traffic is going to be on the United States side—Canadian and United States are going to be collected in Canada by the St. Lawrence seaway authority on behalf of the United States authority and turned over to them. This is certainly not dictation by the United States. Furthermore, two-thirds of the canal is on Canadian territory. Two-thirds of the cost is being paid by Canada. It is a joint enterprise so far as operation is concerned. But as to decisions that were taken, certainly Canada has not become lukewarm in the slightest degree. On the contrary, Canada has respected the rights and obligations of others and I believe that Canada is acting in the way it should act under the circumstances.

Mr. Hees: I am glad to be able to assure the hon. member for Laurier and other hon. members of the house that work on the St. Lawrence seaway is proceeding on schedule.

Item agreed to.

[Mr. Chevrier.]

Canal services—

513. To provide for the acquisition of land required in connection with the development of the 27 foot Cornwall navigation system, $100,000.

Mr. Chevrier: Will the minister say what this vote is for?

Mr. Hees: This is to buy the land that would be necessary in the event that we decided to build an all-Canadian seaway at some future time.

Mr. Pearson: That gives me the opportunity just to say a word because it bears on the point that has been raised by my hon. friend. As the minister knows, this provision was made in order to make certain that in certain circumstances, whether the United States liked it or not, we would have an all-Canadian seaway. Those who say that we have been dictated to by the United States in the development of this waterway, this power development and navigation development, do not know very much about the diplomatic negotiations that went on leading to this development. Those who say that we should have from the beginning insisted on constructing an all-Canadian seaway do not seem to understand that if that was to be done without any power development going along with it, it would have meant a phenomenal expenditure and perhaps be beyond Canadian means at this time. Once it became a power and navigation development, once that power had to be secured from boundary waters, then both governments were involved and there was no other way of doing it. You cannot have a power development halfway across a stream. As it was agreed to be both a power and a navigation development, it was bound to be an international development unless, as I have just said, we had decided to construct a purely navigational development on the Canadian side; and surely that was impracticable.

But we did at that time—and this item in the estimates confirms it—make it quite clear to the Americans that in certain circumstances we could, once the power and navigation project was completed, build another Canadian channel which would make it an all-Canadian seaway. The United States at that time took strong exception to that suggestion. I attended some meetings which dealt with this matter and the language was extremely frank indeed. We were told that this was at the time contrary to their understanding of the original arrangement. We felt that we were acting only in Canadian interests and were acting fairly in this regard. The result was that this action was taken, and there is a continuation in this particular

item of that action which will make it possible for us in the future to have an all-Canadian seaway if and when it is desirable.

Mr. Hees: I should like to reply to the hon. member for Laurier and the Leader of the Opposition by saying that since I have held this portfolio and in the dealings this government has had through the seaway authority with the authorities of the United States there has been no attempt at all by the United States authorities to dictate in any way to us and there has been nothing but complete co-operation and harmony existing between the seaway authority of Canada and the seaway development corporation of the United States.

Mr. Chevrier: I just want to add one word and it is this. This item is just one of three things that were done in order to prepare the way for an all-Canadian seaway in case of the accomplishment of the conditions envisaged in the exchange of notes between Canada and the United States, for which my friend the Leader of the Opposition was responsible at the time, came about. The three things were as follows: (1) The construction of a structure in the dike at Cornwall in order to provide for future 27-foot navigation on the Canadian side; secondly, the dredging of a channel 27 feet in depth on the north side of Cornwall island leading to the structure in the dike; and, thirdly, the expropriation of land on the Canadian side from the dike right down to the present locks. These three things provided for a complete canal on the Canadian side of the line in case the volume of traffic was such in, say, two, three, five or more years, that it would be necessary to duplicate facilities on our side of the line. These three things have now been done, which means that 50 per cent of the work leading up to an all-Canadian seaway has been terminated, so that if at a later date it becomes necessary to expand because of the volume of traffic it will be as easy for us in Canada to duplicate the facilities in the international section as it will be for the United States to do so. The thing to do at that time would be to say to our friends in the United States, "We will duplicate at Cornwall, and since we, in Canada, have built at Iroquois, you in the United States go ahead and duplicate opposite Iroquois. Then we will have a Canadian lock on the Canadian side and you will have an American lock on the United States side, the one to circumvent the Long Sault rapids, the other to circumvent the control dam at Rockway point on the United States side." That, I hope will be accomplished one day.

Mr. Argue: The Minister of Transport has said that there has always been agreement and great harmony between the Canadians and the United States seaway authorities, and I wonder whether that statement indicates that no representation has been made by this government for lower tolls or for a toll-free St. Lawrence seaway. I am all in favour of harmony and agreement, as far as construction and other aspects of the matter are concerned, but as far as tolls are concerned I think that Canada's interests would best be served by a toll-free seaway. The minister's statement that there has been all this harmony leads me to ask him whether the government has pressed for a toll-free seaway.

Mr. Hees: Several weeks ago I announced in the house a proposed schedule of tolls to be paid by those who use the seaway which would be examined in both countries. I said at that time that hearings would be started on August 6 in Washington and in Ottawa, at which hearings those who would be using the seaway could put forward their views regarding these proposed tolls. The proposed tolls were agreed to by both the Canadian and United States governments. I do not think I can say anymore.

Mr. Chevrier: I hope my hon. friend the member for Assiniboia who has just spoken, will not feel that I wish to enter into an argument with him when I make the following remarks. I think I should remind the house, however, that in 1951 parliament agreed to the imposition of tolls—there is no doubt about it. It was included not only in United States legislation but also in Canadian legislation that this was not to be a charge upon the taxpayer but was to be payable by those who use the seaway. The hon. member for Assiniboia was a member of the house at that time, and I believe must have voted for it, because my recollection is this was unanimously passed—

Mr. Hees: That is correct.

Mr. Chevrier: —by all parties in the house. I cannot see how, in view of the circumstances, firstly, the agreement between the United States and Canada and, secondly, the legislation passed in this house, it would be possible to have a toll-free seaway at this time.

That does not cover the question of the Welland canal, which is another matter altogether. Whether or not tolls should be extended to that canal is another question, but I think it did envisage a through toll, that is to say from the head of the lakes to Montreal, passing through the Welland canal. As to whether or not there should be tolls

on the Welland canal itself, that is to say, for the local traffic, is another matter on which I am not pronouncing any judgment at the moment. I do feel that I should say, however, in fairness to parliament, that in 1951 this matter was clearly established and clearly approved of. This parliament, of course, can alter that, but the impression that was given by the then government and by myself as president of the St. Lawrence seaway authority was that all of these charges were to be paid by those who would be using the facilities and would not be a charge against the taxpayers.

Mr. Argue: All the statements made by the hon. member for Laurier as to what has taken place may be correct. We have all had the experience of voting for something of which we were completely in favour in principle but which we would like to see amended in some detail, and if the St. Lawrence seaway project was before the house at this time in precisely the same terms as it was back in 1951 I am sure I would support it now as I did then. However, 1951 was some years ago and every session parliament amends acts to bring them up to date in terms of modern thinking. I am suggesting that as the years go by the direction toward which this matter will go —I hope at any rate this will be so—will be in the direction of reductions in tolls on this vital seaway and not in the direction of increasing them. I think that it is perfectly consistent and proper to voice at this time on behalf of many provincial governments and many organizations the request that the seaway be toll-free and to emphasize particularly that as far as the Welland ship canal is concerned it should be toll-free and should be toll-free without any question.

I wish to say to the hon. member for Laurier that while we agreed in 1951 on the seaway project as it was then contemplated and would today agree to the same project, it is nevertheless quite proper to suggest that certain improvements should be made at this time.

Item agreed to.

Marine services—

Aids to navigation—

630. Administration, operation and maintenance—further amount required, $326,523.

Mr. Benidickson: Has the minister a new policy with respect to the Kenora subagency aids to navigation? Is it to be combined with Selkirk?

Mr. Hees: They are related subagencies, Mr. Chairman, but the final decision has not yet been made as to staffing.

[Mr. Chevrier.]

Mr. Benidickson: There is a great difference in mileage between the two points, as the minister will recognize, and I would rather question the efficiency of combining the two, as I understand is contemplated.

Item agreed to.

Railway and steamship services—

635. Payment to Canadian National (West Indies) Steamships, Limited (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, in the amount of the deficit, certified by the auditors of the company, in the operations of the company, in the calendar year 1958—further amount required, $600,000.

Mr. Benidickson: I notice that in the main estimates the deficit was so much smaller than what is being asked for. Under item 443, which we passed, the deficit was $190,000, and this is a requirement for an additional $600,000. The ships have not been operating for some time, so what accounts for the difference?

Mr. Hees: The lay-up expenses of the ships, Mr. Chairman.

Item agreed to.

General—

636. To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry, $15,650.

Mr. Chevrier: What is the basis for this item? This seems to be a new principle and I wonder if the minister would explain it?

Mr. Hees: These are wind-up expenses for the royal commission on coasting trade. I can give you all the details.

Mr. Chevrier: I take it it is extra expenses and emoluments going to civil servants who did this work?

Mr. Hees: That is correct, Mr. Chairman.

Item agreed to.

638. Construction services administration—further amount required, $148,540.

Mr. Chevrier: There is one question which I failed to ask earlier. I wonder if I could bring it up now. It is in connection with Rimouski airport. The minister will remember that I asked him a question about it the other day. There was a fire which destroyed the facilities there. Is anything being done to assist Quebecair in these circumstances or to assist in the rebuilding of these facilities?

Mr. Hees: The question of the assistance that we can make available for the terminal building is now under discussion.

Item agreed to.

Mr. Benidickson: I think the total that this item involves refers entirely to increases in the salaries of civil servants. May I say that I have generally had a feeling that some of our departments could well dispense with a construction department and utilize the services of the Department of Public Works. However, in this particular department I must say I think the construction department is sometimes in advance of the Department of Public Works. I realize they have a lot of work to do and I recognize that additional expenditure may be necessary.

Mr. Hees: Thank you.

Mr. Chevrier: May I ask one question on item 636—I shall have to revert to it. It has to do with the recommendations of the royal commission on coastal trade. Has the government any intention of implementing those recommendations?

Mr. Hees: We expect to be considering those recommendations this autumn.

Item agreed to.

Airways and airports—

Operation and maintenance—

645. Civil aviation services—further amount required, $1,084,420.

Mr. Benidickson: Mr. Chairman, this is a very large request after the presentation of the main item and perhaps the minister will be able to table with *Hansard*, with the consent of the committee, the items which would make up this vote. Or, possibly an explanation by the minister would serve. Has there been a growth in the size of the aviation operations sufficient to require this increase?

Mr. Hees: One of the large amounts is for the taking over of three airports which were operated by the R.C.A.F.: the airport at Whitehorse, $338,500; Tofino, British Columbia, $59,000; and Knob Lake, Quebec, $60,000. The other large item is in respect of increased responsibilities at Frobisher Bay.

Item agreed to.

647. Construction or acquisition of buildings, works, land and equipment—further amount required including authority to contribute up to $250,000 in 1958-59 to the province of Nova Scotia towards the construction of a highway providing access to the new Halifax international airport; and for additional development work at Beaverlodge airport on land owned by the province of Saskatchewan, $1.

Mr. Benidickson: I think the minister recognizes that those of us who have been in the house as long as he has and as long as I have been are always a little curious and dubious about these $1 items and I wonder if there is any significance attached to a contribution to a highway. It is usual?

Mr. Hees: I am advised that it is by order of the Auditor General that this wording is used to cover this item.

Mr. Benidickson: Is there any precedent for such a highway contribution by the Department of Transport?

Mr. Hees: Normally we build the road from the airport to the nearest provincial road. In this case we are turning the money over to the province and letting them do the building.

Item agreed to.

648. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates—further amount required, $123,176.

Mr. Argue: On item 648 I should like the minister to give me some explanation as to the basis on which these moneys are paid out. I have in my constituency in the city of Weyburn a flying club which uses the runways and some of the facilities of the old air force airport at Weyburn. Is it possible under this item for a grant to be obtained, with provincial agreement or upon other condition, for the repair of such runways, their modernization and, their maintenance in a good state of repair so that this very laudable and enterprising community service may be carried on?

The local residents at Weyburn have taken a good deal of pride in this project and they have used the airport facilities for the training of pilots and for use by members of the local club. I am wondering if it is possible under this item for such a club or for such a city at this time to obtain a grant to have them maintain these runways.

Mr. Hees: The principle is that if it is a remote area we usually make a grant. If it is a local flying field we do it on a cost-sharing basis. A flying club such as the hon. member has mentioned has every right to make an application and it will be considered on its merits.

Mr. Argue: I thank the minister for his statement and I am sure that judging from the way I have been able to get along with him in the past he will give the progressive community of Weyburn, every sympathetic consideration.

Item agreed to.

Board of transport commissioners for Canada—

649. Administration, operation and maintenance—further amount required, $24,550.

Canadian maritime commission—

650. Administration—further amount required, $14,665.

651. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $703,000.

Mr. Argue: I missed the main item being out of the chamber when it was discussed. I have a few remarks to make on this item, and the minister need have no worry about the clock.

For some years past there has been a concerted effort by both the C.P.R. and the C.N.R. to close railway stations in the province of Saskatchewan. They have been making one application after another to the board of transport commissioners to have railway stations closed and to have the agents removed. As a matter of fact, in the last five years no less than 44 stations in the province of Saskatchewan have been closed. Every community that has a station with an agent providing service is, naturally, most reluctant to see its station closed and to have its agent removed. So in many instances when an application is made to the board of transport commissioners residents of the district sign a petition and send it to the board and to the minister and subsequently a local hearing is held. My experience in connection with these local hearings is that they usually accomplish very little as far as the residents are concerned. I have attended some of these hearings myself. The representative from the board of transport commissioners as well as representatives from the railway company appear at a public meeting in a given community. In my part of the country these officials have very often come out of the city of Regina. They ride to the meeting in the same car—I suppose it is economical to do it that way—and they seem to be very much in agreement about what should be done. The representative of the board of transport commissioners is, ostensibly, a person who is sitting in something of a judicial capacity. He is supposed to give everyone a fair hearing but it seems to me that after having driven in the same car with the representatives of the railway company he gives very little consideration to the case put forward by the local residents.

I suppose station agents to a degree have become a casualty of technological improvements and that it is impossible to maintain the same number of station agents now as in the past. Nevertheless it does seem to me that in the closing of these stations the railway application is too often given far greater consideration than the case presented by the local residents. I have had a considerable amount of experience with these applications. I am rather discouraged by the attitude taken by the board of transport commissioners and their officials. In the vast majority of cases when an application is made the station is automatically closed. The railway company has a long story to tell to the effect that when the station is closed they will put in a caretaker and a telephone and thus maintain facilities. The caretaker is often the wife of the section foreman and in some cases of which I have knowledge they receive the magnificent sum of $10 a month for taking over some of the services once provided by the station agent. Certainly as far as Saskatchewan is concerned, if the operations of the railway came within Saskatchewan labour legislation Saskatchewan would not allow the C.P.R.—that is the railway with which I have acquaintance and for all I know the C.N.R. may do the same thing—

Mr. Benidickson: Just the same.

Mr. Argue: —to exploit the services of those people by paying such a trivial sum.

I do not like to see stations closed. In many instances I have worked hard to keep them open. Although there are a few exceptions, in the majority of instances my efforts have met with very little success. I would hope that the board of transport commissioners would give greater consideration in future to the wishes of the people in the communities where they desire to close the station and remove the station agent.

As far as Saskatchewan is concerned, apparently the railways are out to close most of the stations. They want to maintain only a few agents here and there and close the vast majority of stations. I do not believe this trend can be entirely arrested and I do not think I would ask the board or the government to go that far but I would hope that in future there would be much more consideration given to the advice of local residents and not a continuation of something that appears to be a cut and dried decision made in advance. In many instances the meetings that are held to consider the application are just a farce and an insult to the intelligence of all the people who participate in them. It does not seem to matter how good your case is. Nothing happens and the station is closed down in due course.

It may be that if a federal election is being held and you create enough opposition concerning it they will delay closing the station until after the election but immediately following the election they go merrily on their way closing stations at the same rate. I hope the minister will put the brakes on the board of transport commissioners in this respect.

Item agreed to.

Canal services—

661. To provide for the acquisition of land required in connection with the development of the 27 foot Cornwall navigation system—further amount required, $141,000.

Mr. Chevrier: Mr. Chairman, I am sorry to ask a question on the minister's last item but I should like to have him give me the details of items 141 and 513, the $100,000 and the $141,000 items. This may require some time but perhaps he would be good enough to let me have this by letter at a later date.

Mr. Hees: Yes.

Mr. Chevrier: On that item I would just like to bring to the attention of the minister, since we are discussing a matter concerning Cornwall, the exchange of correspondence we had arising out of the desirability of establishing port facilities in that area. The minister will remember an application was pending for the establishment of a port authority in Cornwall and the minister replied that the old canal facilities would be turned over to the seaway authority there so that advantage could be taken of them for industrial development at Cornwall. While on the face of it that may appear an answer, I am afraid when it is studied it is not satisfactory. It is not because the old facilities are located on a 14-foot navigation canal that industry will be attracted and the minister knows the moment the seaway is opened all of these 14-foot vessels will become obsolete and the new 27-foot vessels will be in demand for use in the new channel.

The area where the port authority was requested is an area in deep water. The water in that area is anywhere from 25 feet to 40 feet deep so the depth is sufficient. It would be unfortunate if the one were traded off for the other. This is a matter that will eventually have to be decided by the municipal authorities of the city of Cornwall. It is for them to determine what is in their best interests. However, I am merely bringing to the attention of the minister the fact that the alternative is not the answer. There must be there for the future development of the community deep water facilities, namely 27-foot facilities, and the area they have suggested seems the most logical one in which to establish them.

Item agreed to.

General—

662. To increase to $6,000,000 the amount that may be charged at any time to the revolving fund mentioned in subsection (2) of section 101 of the Financial Administration Act, chap. 12, statutes of 1951 (2nd session), and extended by vote 630 of the Appropriation Act, No. 2, 1955; additional amount required, $1,000,000.

Mr. Benidickson: Mr. Chairman, I must confess I have not done enough research on this item, not that I especially feel I should have done so. I think this type of thing has probably gone on for some time but it is not fair to hon. members of the committee of supply because it requires them to do some individual investigation of the statutes without the slightest initimation of what the item is all about. I have no doubt this is traditional but I wonder if the minister would give a little explanation.

Mr. Hees: I would be very glad to do so, Mr. Chairman. At the present time the department operates a revolving fund of $5 million for the purchase of stores required in the various operating branches of the department. During the past year there has been a considerable expansion of the activities of the air services branch chiefly as a result of the taking over of a number of establishments from the Department of National Defence and also the program for the establishment of surveillance radar equipment at 15 airports across Canada.

There has also been a marked increase in the activities of the marine services branch chiefly in regard to the operations of the dominion steamers and also the establishment of a district marine agency at Fort Smith, Northwest Territories. Consequently, it is considered that there now exists a need to increase the stores revolving fund by a total amount of $1 million to take care of the following increased requirements: (1) increased stocks of radio spares, chiefly for surveillance radar equipment, $500,000; (2) sub-stores depot for radio spares laboratory at Ottawa, $70,000; (3) estimated additional amount required to take care of increased commodity prices, unforeseen new stock requirements and a working capital equal to one month's stores issue, $180,000; (4) printing and stationery stocks for the meteorological service, Toronto, $250,000, making a total of $1 million.

Mr. Benidickson: I thank the minister for his explanation. I merely want to suggest that we have had a great turnover in members of parliament. I had some association with this department and I probably should have recollected this but I did not and no doubt not more than two members of the committee had any knowledge of what this was all about. There was nothing in the estimates in layman's language to indicate what it is. I suggest to those in the treasury board who draft these estimates that this is not a proper attitude to adopt toward hon. members of parliament and particularly in the last stages of the session when it is difficult for hon. members of the committee to go to the statutes and find what the references are.

Mr. Hees: I agree with the hon. member. I will bring that up with the other two matters.

Item agreed to.

The Chairman: This completes the estimates of the Department of Transport.

POST OFFICE DEPARTMENT

305. Operations—Including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, including administration, and to authorize the re-appointment, effective the 16th day of September, 1955, of G. V. H. Christiaenssens as postal clerk 2 in the Magog post office, at a salary of $2,700 per annum for the period from the 16th day of September, 1955, to the 31st day of March, 1956, and at a salary of $2,940 per annum for the period from the 1st day of April, 1956, to the 30th day of April, 1957, $101,387,706.

Mr. Denis: Mr. Chairman, we were kind to the Postmaster General last week by passing the first item, therefore I do not think that he will expect too much of us today. After all, we are members of the opposition. He used to be in the opposition and as far as the Post Office Department is concerned he has done his share of—I will not say delaying or postponing—lengthening the discussion on the estimates of this department in former years and caused great difficulty to the postmaster general at that time. As a newcomer he deserves a little criticism. I would not call him a newcomer because in 1953 and in 1954 he was so close to the Post Office Department that he even had access to the—

The Chairman: Order. I must inform hon. members that if they wish to carry on conversation it would be preferable for them to do so in the smoking rooms behind the curtains.

Mr. Denis: Mr. Chairman, may I say first that the Postmaster General was listening very carefully to what I was saying even though it was noisy in the house. I was saying that the Postmaster General was not a newcomer because when he was an ordinary member of parliament he had access to the offices of the department to the extent that even the material that was supposed to be confidential between the minister's officials and the minister himself was made available to him.

I want to refer to a statement which was made by the Postmaster General on July 26 when he said, as reported at page 2742 of *Hansard*.

> I find that in my general remarks here I have dealt I think with most of the points raised by the hon. member for St. Denis. Again I want to emphasize the fact that I do not accept his statement that I claimed the post office was poor or that it offered poor service in previous years. I never said that.

I want to answer that statement. He did not say that word for word. I did not even say that he said that the post office was poor, but he made many statements to that effect. I do not know whether his memory is poor but on July 26 I quoted what he said as follows:

> But I criticise in the very strongest terms the Postmaster General for his administration of the department, and for many of the ways in which it is administered under his direction.

He was referring to the former postmaster general. He said: "It is administered", not the way it was administered. If I understood him, he wished to tell the committee that he was criticizing the postmaster general alone. I do not know why he says in one sentence that the Post Office Department is second to none and in the next sentence that the postmaster general is no good. He has to choose between the two; he has to choose one or the other. If the Post Office Department is well administered, or if he had nothing to say against the officials and the way in which they did their work, why did he say that the postmaster general was no good? Was it because he was not good-looking, was it because he was not well dressed, or something? I do not understand. He has to choose between the two. He made many statements during the time he sat in opposition. I therefore challenge his statement that he never criticized the department. He talked against the post office saving bank. He criticized the way in which security was carried out in the post office. He even wanted the mounted police to take over so far as thefts were concerned. He even said that the department was slow moving. I do not know whether I have the statement here but on January 20, 1956, the minister said, as reported in *Hansard* at page 363:

> Slow moving as the department is and slow moving as the minister may be, we at least have sufficient time for him to make up his mind and do something about this particular situation.

If that is not criticism I wonder what he meant by criticism. As a matter of fact, every time he criticized the departmental officials or the service the name of the minister was always included. He even went so far as to call the minister of that time a stupid minister. I do not know whether he is trying to imitate the former postmaster general so far as thefts are concerned. I heard him say last week that there were about twice as many burglaries under his administration but the amount of money taken was not as large. So far as stupidity is concerned, I think that

was a stupid sentence. It is not the fault of the postmaster general if the burglary is $12 instead of $1,200.

Mr. Hamilton (Notre Dame de Grace): It is the result of this Postmaster General's changes in the system.

Mr. Denis: There was a report known as the Woods-Gordon report. The Postmaster General of today used almost every sentence of that report before the postmaster general of that time announced what was contained in it. I challenge the Postmaster General to say to the country—

(Translation):

The Chairman: I am sorry to interrupt the hon. member for St. Denis (Mr. Denis), but as it is 6 o'clock, I must leave the chair.

(Text):

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business of the house is for Monday? In view of the fact that we have made such excellent progress today—

Some hon. Members: Oh, oh!

Mr. Chevrier: —perhaps the minister will project his mind and tell us what will happen on Tuesday?

Some hon. Members: Oh, oh.

Mr. Chevrier: In view of the interruptions, I think I should say that the normal time for passing the estimates of the Department of Transport is three days. I think we did pretty well in getting them through in about one day.

Mr. Green: On Monday, we shall commence with item No. 9 on today's order paper, the resolution concerning the South Saskatchewan river project; then, take item No. 1, house in committee on a bill to amend the Railway Act; then, item No. 5, second reading of a bill for approving certain expenditures authorized for the public service; then, item No. 4, second reading of a bill to amend the Customs Act. We shall continue with legislation on Tuesday. There would remain item No. 2, which is consideration of amendments made by the Senate to an act respecting taxation of estates, and item No. 6, second reading of a bill to amend the Canadian Citizenship Act.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

438. Newfoundland coastal services—construction or acquisition of passenger-cargo vessels and equipment, $1,100,000.

439. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit, 1958, $165,000.

440. To provide towards the cost of surveys of Newfoundland railway properties entrusted to the Canadian National Railway Company, $17,500.

441. Degaussing Canadian-owned merchant ships, of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to retransfer to Canadian registry under special intergovernmental arrangement, $300,000.

442. Maritime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the Board of Transport Commissioners for Canada) on all traffic moved during the calendar year 1958, $14,000,000.

443. Payment to Canadian National (West Indies) Steamships, limited (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, in the amount of the deficit, certified by the auditors of the company, in the operations of the company in the calendar year 1958, $190,000.

444. To authorize the governor in council to grant to Canadian National Railway Company a subsidy of $25,000 per mile, but not exceeding $7,450,000, towards the construction of the line of railway referred to in chapter 49 of the Statutes of Canada, 1953-54, as branch line number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient; estimated requirement for the fiscal year 1958-59, $1,600,000.

Pensions and other benefits—

445. Amount required to pay pensions at the rate of $300 per annum to former pilots: Arthur Baquet; Adelard Delisle; Raoul Lachance; Jules Lamarre; Wilhelm Langlois; Auguste Santerre, $1,800.

446. Railway employees' provident fund—to supplement pension allowances under the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1958 $30 per month instead of $20 per month as fixed by the said act, $9,500.

447. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways, $54,000.

Special—

448. To provide, notwithstanding anything in the Financial Administration Act or any other act or law, for payment to the widow of the late John H. Tudhope formerly Canadian representative to the commonwealth telecommunications board and civil aviation advisor to the high commissioner for Canada in the United Kingdom in respect of which employment no pension is payable, $5,000.

Supply—Items Passed

Air Services—

Administration division—

449. Air services administration, $1,116,241.

450. Construction services administration, $2,022,020.

Telecommunications division—

Radio aids to air and marine navigation—

451. Administration, operation and maintenance, $13,933,473.

452. Construction or acquisition of buildings, works, land and equipment, $11,385,000.

Radio Act and regulations—

453. Administration, operation and maintenance, including contributions as Canada's share of the costs of various international radio, telegraph and telephone organizations, as detailed in the estimates, $2,359,295.

454. Construction or acquisition of buildings, works, land and equipment, $515,000.

Telegraph and telephone service—

455. Administration, operation and maintenance, $277,802.

456. Construction or acquisition of buildings, works, land and equipment, $198,000.

Meteorological division—

457. Administration, operation and maintenance, including grants as detailed in the estimates, $10,708,161.

458. Construction or acquisition of buildings, works, land and equipment, $1,089,600.

Civil aviation division—

459. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $1,866,225.

Airways and airports—

Operation and maintenance—

460. Civil aviation services, and to provide notwithstanding the Financial Administration Act or any other act, that the treasury board may authorize arrangements to be made for the operation of hotel, bakery, restaurant, staff messing, staff accommodation and similar facilities at airports and may authorize the disbursement of revenues derived therefrom and payment of deficits that may occur in the management and operation of these facilities, $14,342,200.

461. Airway and airport traffic control, $5,115,231.

462. Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies and amounts to be paid in settlement of claims for compensation by persons whose property is injuriously affected by the operation of a zoning regulation made under authority of paragraph (j) of subsection (1) of section 4 of the Aeronautics Act, $61,348,000.

463. Grants for the development of civil aviation, in the amounts detailed in the estimates, $599,400.

464. Contributions to municipalities or public bodies for construction and improvements of airports on land acquired by such organizations, including contributions to appropriate authorities in respect of airports at Lourdes-du-Blanc-Sablon and at Harrington Harbour, Quebec, $125,916.

465. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates, $245,000.

466. Contributions, as detailed in the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1958, which is, $236,227.

B—General—

Air transport board—

467. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization, $337,179.

Board of Transport Commissioners for Canada—

468. Administration, operation and maintenance, $1,013,742.

469. Amount to be credited to the railway grade crossing fund, in addition to the amount, if any, to be credited to the fund under the Railway Act in the current fiscal year, for the general purposes of the fund and for the purpose of contributing towards the cost of an exceptional number of railway grade separation projects on the trans-Canada highway in British Columbia, $10,000,000.

Canadian maritime commission—

470. Administration, $153,488.

471. Steamship subventions for coastal services, as detailed in the estimates, $4,898,000.

National harbours board—

472. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1958 on any or all of the following accounts:

Reconstruction and capital expenditures—

Halifax	$ 855,000
Saint John	100,000
Chicoutimi	400,000
Quebec	5,000,000
Generally—	
Unforeseen and miscellaneous	200,000
	$6,555,000
Less—Amount to be expended from replacement funds	25,756
	$6,529,244.

St. Lawrence seaway authority—

512. Loans to the St. Lawrence seaway authority in such manner and subject to such terms and conditions as the governor in council may approve, $128,000,000.

Canal services—

513. To provide for the acquisition of land required in connection with the development of the 27 foot Cornwall navigation system, $100,000.

Air services—

514. To provide for the acquisition of land for control of properties in the vicinity of main terminal airports to prevent the erection of hazards to flying, and for future development of new and existing main terminal airports including alternative facilities for relieving congestion thereat, $4,000,000.

515. Loan to the Canadian overseas telecommunication corporation in accordance with section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities, $2,400,000.

National harbours board—

516. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1958 on any or all of the following accounts:

Reconstruction and capital expenditures—

Three Rivers	$ 1,122,000
Montreal	26,387,200
Vancouver	4,533,000
	$32,042,200
Less—Amount to be expended from replacement and other funds	1,391,523
	$30,650,677.

A—Department—

628. Departmental administration—further amount required, $98,720.

Canal services—

629. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,493,000.

Marine services—

Aids to navigation—

630. Administration, operation and maintenance—further amount required, $326,523.

631. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,300,033.

632. Nautical services—administration, operation and maintenance, including grants and contributions as detailed in the estimates—further amount required, $1,000.

633. Pilotage service—administration, operation and maintenance—further amount required, $49,860.

Railway and steamship services—

634. Construction or acquisition of auto-ferry vessels and equipment—further amount required, $115,000.

635. Payment to Canadian National (West Indies) Steamships, Limited (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, in the amount of the deficit, certified by the auditors of the company, in the operations of the company in the calendar year 1958—further amount required, $600,000.

General—

636. To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry, $15,650.

Air services—

Administrative division—

637. Air services administration—further amount required, $76,650.

638. Construction services administration—further amount required, $148,540.

Telecommunications division—

Radio aids to air and marine navigation—

639. Administration, operation and maintenance—further amount required, $290,100.

Radio Act and regulations—

640. Construction or acquisition of buildings, works, land and equipment—further amount required, $66,000.

Telegraph and telephone service—

641. Construction or acquisition of buildings, works, land and equipment—further amount required, $35,000.

Meteorological division—

642. Administration, operation and maintenance, including grants as detailed in the estimates—further amount required, $153,487.

643. Construction or acquisition of buildings, works, land and equipment—further amount required, $186,000.

Civil aviation division—

644. Control of civil aviation—further amount required, $36,300.

Airways and airports—

Operation and maintenance—

645. Civil aviation services—further amount required, $1,084,420.

646. Airways and airport traffic control—further amount required, $86,925.

647. Construction or acquisition of buildings, works, land and equipment—further amount required including authority to contribute up to $250,000 in 1958-59 to the province of Nova Scotia towards the construction of a highway providing access to the new Halifax international airport; and for additional development work at Beaverlodge Airport on land owned by the province of Saskatchewan, $1.

648. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates—further amount required, $123,176.

B—General

Board of Transport Commissioners for Canada—

649. Administration, operation and maintenance—further amount required, $24,550.

Canadian Maritime Commission—

650. Administration—further amount required, $14,665.

651. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $703,000.

Canal services—

661. To provide for the acquisition of land required in connection with the development of the 27 foot Cornwall navigation system—further amount required, $141,000.

General—

662. To increase to $6,000,000 the amount that may be charged at any time to the revolving fund mentioned in subsection (2) of section 101 of The Financial Administration Act, chap. 12, Statutes of 1951 (2nd session), and extended by Vote 630 of the Appropriation Act, No. 2, 1955; additional amount required, $1,000,000.

HOUSE OF COMMONS

Monday, September 1, 1958

The house met at eleven o'clock.

LABOUR DAY

TRIBUTES TO CONTRIBUTION OF ORGANIZED AND GENERAL LABOUR

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am sure I speak for all hon. members in paying tribute to labour, whose day this is. We honour the contributions made by labour during the years since unions were first recognized in the early 1870's, when, as a result of the bill introduced by the government of Sir John A. Macdonald, recognition was given to the right of labour to organize.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Then in 1894, during the regime of Sir John Thompson, legislation was passed both in this country and in the United States making the first Monday of September a day on which tribute would be paid to those who labour and to the importance of labour in the lives of all of us.

It is well that there should be this day when we give national recognition to the fact that every advance in our development is made possible by work. Labour has done much and will do much now and in the future for the achievement of Canada's undeniable destiny. My hope is that on this day, as we review the contribution made by organized labour and by labour in general, all Canadians will join in paying tribute to those belonging to the ranks of labour.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in rising to comment on what the Prime Minister has said, may I say that perhaps one of the best ways in which we can give recognition to labour is to ourselves labour, as we are doing, on Labour day. May I also join with the Prime Minister in saying that increasing recognition of the rights and importance of labour has been given over the years by Canadian governments representing both our parties.

May I also put a statement of mine on the record for Labour day, Mr. Speaker, because it expresses, in perhaps better words than I could find on the spur of the moment, my views on this matter. This statement was issued by myself on behalf of our party on Saturday last, and is as follows:

It is with great pleasure that I join other Canadians in paying sincere tribute to the working men and women who have contributed so magnificently to the growth and prosperity of our country.

Labour day is a good occasion to recall that the rights of labour, at times hard won through stern struggle, are now regarded by all good citizens as an indispensable element of a free society.

These rights must be maintained and even extended just as the responsibilities that go with them are accepted and discharged.

I am certain that labour will continue to make an invaluable contribution to the development of Canada, and to ensure that all citizens participate to the fullest extent in the benefits that will flow from that development.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on behalf of the C.C.F., I wish to associate myself with the Prime Minister and the Leader of the Opposition in paying on this Labour day a very well deserved tribute to Canadian labour. The whole fabric of our Canadian society, a free society, depends in large measure on the welfare, the freedom and the responsibility of labouring people in this country.

We have been fortunate in Canada in the past to have had a responsible trade union movement representing, as it does, more than 1,250,000 trade unionists, and we pay tribute at this time not only to organized labour but to all those Canadians who earn their living by toil.

As the Leader of the Opposition has said, we recognize Labour days in perhaps the best way in this house by conducting the public affairs of this nation. I think the greatest tribute we could pay to organized labour, to unorganized labour and to all Canadians who have labour in mind at this time would be so to order our affairs as to guarantee full employment and a high standard of living to all the working people of this country.

TRADE

LEAD AND ZINC—REPORTED RECOMMENDATION TO RAISE UNITED STATES TARIFF

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Trade and Commerce if he would care to comment on an Associated Press dispatch to the effect that President Eisenhower is now considering recommendations to raise the tariff on lead and zinc imports into the United States?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker, I have not seen that dispatch, but I will look at it and have an answer for the hon. gentleman tomorrow.

Inquiries of the Ministry

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—STATEMENT ON PROSECUTION OF DOCTOR ON MANITOULIN ISLAND

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, on Saturday, while I was unavoidably absent from the house, the Leader of the Opposition and the hon. member for Kootenay West asked questions relating to a charge laid against Dr. Michael Ash, a physician employed by my department to care for the Indians of Manitoulin island and attend the small cottage hospital operated by Indian health services at Manitowaning.

Dr. Ash is an eminently qualified English physician, who served with the R.A.M.C. in Africa and Burma and practised for ten years as a general consultant on London's Harley street. He became interested in coming to Canada and made inquiries at our medical immigration office in London. As the director of Indian health services was passing through that city on his way to the world health organization meeting in Geneva, Dr. Ash was interviewed and careful inquiries were made as to his ability as a physician. He was highly recommended by senior officers of the British ministry of health and others. Dr. Ash took up his present position as medical officer, grade 2, in March of this year.

Naturally it is the policy of this department, wherever possible, to employ Canadian citizens licensed to practise in the province where their duties take them. Licensing of physicians is under the college of physicians and surgeons in each province. I might point out, however, that there is a serious shortage of doctors who are prepared to take up duty in some of the more remote areas where the services of medical officers are required for the care of Indians and Eskimos.

In view of this shortage it has been necessary on occasion to employ physicians from outside Canada. Reciprocation exists between the United Kingdom and six or seven of the provinces, but unfortunately this reciprocation for registering and licensing does not exist between the province of Ontario and the United Kingdom. To obtain a licence to practise in Ontario, Dr. Ash would have to write a set of examinations set by the dominion medical council in order to obtain the degree of licentiate of the medical college of Canada.

It has been ruled by the Department of Justice that physicians fully employed by the federal government do not, of necessity, have to be licensed in any particular province unless they "profess to practise for gain". In other words, as long as they confine their work to the position they occupy with this department, they cannot be legally required to obtain a licence, but if they were to practise medicine with the public it would be an infringement of the medical act of the province concerned.

This situation was explained to Dr. Ash, and he was instructed to treat non-Indians only when emergency cases came to his attention. This understanding was known to the other doctors of Manitoulin island and had their full approval.

The Ontario college of physicians and surgeons saw fit to send an investigator to Manitowaning who posed as an emergency case requiring treatment and medicine for the relief of severe pain. Dr. Ash treated him and gave him some tablets known as 222's, containing aspirin and codeine. He charged his patient $5 and issued him an official receipt, so that this money is returned to the Receiver General of Canada.

I might add, Mr. Speaker, that officials of my department suggested to the president and the registrar of the Ontario college of physicians and surgeons that they withdraw the charge that was laid as a result of this incident, but they refused to do so. In consultation with the Department of Justice, legal counsel was appointed to defend Dr. Ash. The charge was dismissed by the magistrate in Little Current on August 27 of this year.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I thank the minister for the statement he has given, and express the hope that the experience to which Dr. Ash has been subjected will not discourage the doctor in the fine service he is giving in Manitoulin island.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker. Does the minister know that according to a press statement of August 30, patients who want treatment must telephone a doctor in Sudbury to obtain his permission before Dr. Ash can treat them, and then only on an emergency basis?

Mr. Monteith (Perth): I do not believe that is exactly the situation, Mr. Speaker. If an emergency does exist I understand the patient is free to go to Dr. Ash directly.

NATIONAL DEFENCE

ROCKCLIFFE AIR BASE—STATEMENT ON REPORTED DENIAL OF SCHOOL FACILITIES

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, on Saturday the hon. member for Laurier asked a question regarding the arrangements made at the Department

of National Defence school at Rockcliffe for children whose parents desire that their children should be given their education in the French language.

In the past, through arrangements with the city of Ottawa, parents of French-speaking elementary pupils have been permitted to send their children to the French-speaking elementary schools in Ottawa. This year parents of 28 children ranging from kindergarten to grade 8 applied for attendance at French-speaking schools in Ottawa. Unfortunately, on August 15 last the superintendent of the Ottawa separate schools advised that there would be no accommodation available for these 28 pupils this year.

These children may now attend the Rockcliffe school. At Rockcliffe the instruction is given in English but there are French-speaking teachers on the staff. This education is strictly in accordance with the educational laws of the province of Ontario, the province in which these children reside. It would be impractical to set up separate classrooms for these 28 children, as they range widely in grades, from kindergarten to grade 8.

DOMINION DAY

INQUIRY AS TO CORRECT DESIGNATION OF NATIONAL HOLIDAY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am in a bit of a dilemma and I hope the Prime Minister can resolve it. Whereas the Prime Minister in a recent official communication referred to our national holiday of July 1 as Confederation day, and whereas the Department of the Secretary of State continues to use in official communications the name established during Sir John A. Macdonald's time, namely Dominion day; in order that hon. members may write and speak with exactitude on this question, which is of national interest, would the Prime Minister inform the house what is to be the correct designation for this national holiday during the period of his administration?

Mr. Speaker: I am not sure that this question is appropriate at this stage of the house's proceedings. It does not seem to relate to any urgency. As July 1 has already passed, perhaps the hon. member would raise his question next year.

Mr. Herridge: It is of great public interest; I have had inquiries about it.

Mr. Speaker: It is not very clear what responsibility of government the hon. member is inquiring about. Perhaps he can rephrase his question.

Mr. Herridge: In view of the Prime Minister's use of the word "Confederation" in one international communication and the use by the Department of the Secretary of State of the words "Dominion day", I am asking what is the correct term to use during the period of his administration.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, of course the hon. gentleman knows that this is not a proper question for the orders of the day, but recognizing that care for small things which characterizes him, I find it may be necessary simply to point out that on July 1 a message was received from Mr. Khrushchev, chairman of the council of ministers of the Union of Soviet Socialist Republics, extending—I think I have it here—congratulations as follows:

> On the occasion of the national holiday—confederation day—I send you my sincere congratulations. I beg you to convey to the Canadian people from the Soviet people and from the government of the U.S.S.R. the best wishes for peace and prosperity.

As is the custom in the Department of External Affairs when a reply is given to a message such as that, the words used by the nation conveying the congratulations are repeated in order to prevent misunderstanding. I am sure under those circumstances the use of the expression, coupled with the congratulatory message, will clarify this matter for the edification of the hon. gentleman.

Mr. Herridge: A supplementary question, Mr. Speaker. Would the Prime Minister say that the name of this national holiday is a small matter to Canadians?

Mr. Diefenbaker: My understanding is that the name was fixed long since, and I think the hon. gentleman realizes this. The day has had its official designation fixed by parliament.

PRIVILEGE

MR. ARGUE—REFERENCE TO ANSWERS TO QUESTIONS ON AUGUST 13

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on a question of privilege arising out of questions and answers as reported in *Hansard* on August 13. On that day, as a second question to the Minister of Trade and Commerce, I asked:

> —whether the wheat board has yet been able to establish buying prices for grain this year and, if not, whether those prices will be established within the next few days.

In answer to my question the Minister of Trade and Commerce replied as follows, as

reported at page 3455 of *Hansard*. I had asked two questions, and the minister said:

In answer to the second part, I have been advised that the wheat board has established buying prices for the various grades of wheat it sells, and an announcement to this effect will be made very shortly.

Then I asked a supplementary question as follows:

I wonder if the minister is able to say now whether those buying prices will be the same as last year or whether there would be some differences.

The minister replied:

When the announcement is made and the prices are published a comparison can be made with the prices for last year, but I have not got the figures in my head now.

I hold in my hand the *Canada Gazette*, part II, dated Wednesday, August 27, 1958, and on page 953 there is a copy of an order in council dealing with the establishment of buying prices for wheat, oats and barley. After the proper preamble it reads as follows:

Therefore, his excellency the governor general in council, on the recommendation of the Minister of Trade and Commerce, pursuant to the Canadian Wheat Board Act, is pleased hereby to approve the sums certain to be paid to producers selling and delivering to the board wheat, oats or barley of the grades set out in the schedule hereto during the period commencing on the 1st day of August, 1958, and ending on the 31st day of July, 1959.

My question of privilege is that the minister did not inform the house that he had recommended these buying prices two days before I asked my question; and since they were established on the recommendation of the minister I believe he would have knowledge of the action that took place. The second question had to do with the exact buying prices, to which the minister replied that he did not have the figures in mind at that time. I had asked whether the figures were the same as the previous year. There are a great many grades and if there had been changes I would not and did not expect the minister to know, but on checking the figures set forth in the order in council and the prices for the grades in the previous year I can find no change in the grades set forth. I find that they are exactly the same.

I feel that the answer was misleading, though I do not suggest deliberately so. The minister had the information, he recommended the order in council two days before, and the information was not given to the house.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, there was no intention whatever to mislead the hon. member or any member of the House of Commons. The order in council had been passed and was transmitted to the wheat board. It was left to them to make the announcement in due course.

[Mr. Argue.]

UNEMPLOYMENT INSURANCE

VANCOUVER—PAYMENT OF BENEFITS TO LOCKED OUT ELECTRICIANS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, if I can talk with the cold I have I should like to address a question to the Minister of Labour, and in his absence to the acting minister. Has the attention of the Minister of Labour been drawn to a court decision in Vancouver that electricians, members of the international brotherhood of electrical workers, local union 213, were illegally locked out? Since a worker illegally locked out is entitled to unemployment insurance, will the minister inform the house if these electricians, illegally locked out for many weeks, will now be paid the unemployment insurance benefits which they were unjustly denied?

Hon. Howard C. Green (Minister of Public Works): I shall draw the question to the attention of the Minister of Labour.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—APPROVAL OF DOMINION-PROVINCIAL AGREEMENT

Right Hon. J. G. Diefenbaker (for the Minister of Agriculture) moved:

That it is expedient that the houses of parliament approve the agreement between the government of Canada and the government of Saskatchewan respecting the South Saskatchewan river project, signed on the 25th day of July, 1958, and that this house do approve the same.

He said: Mr. Speaker, there are things which one looks forward to achieving throughout the years. This is one of those days in that, on behalf of the Minister of Agriculture, I am able to move the motion in question to confirm the agreement for the building of the South Saskatchewan dam and irrigation project. Throughout the years I have been of those who have advocated the building of the dam in order to meet a situation which has existed in central and southern Saskatchewan for generations. Indeed, as one reads the history of the early development of the country and of our early explorers one is struck by the fact that from 1691 to the present time those areas in southern and central Saskatchewan, and also in the neighbouring provinces to a much lesser extent, have been subject to drought.

On July 25 the Minister of Agriculture announced that an agreement had been signed with the government of Saskatchewan providing for the construction of this project. As the house knows, this project has been under study for many years, and I am very

happy to be able to bring this agreement before the house, for it represents another of the promises made by this party in the days of opposition, as well as since forming a government, which is now being carried into effect.

While there have been conflicting opinions as to the usefulness of the project, the weight of official and public opinion is such as to justify the conclusion that the project will be of lasting benefit not only to the province of Saskatchewan and the people it will serve there, but that it will be a project which will constitute another major step in the national development plan of this government. The immediate benefits upon the completion of this project will be that an irrigation potential of 500,000 acres will be created; a power potential of 200,000 horsepower will be made available; ample water supplies for urban and industrial developments in southern Saskatchewan will be assured, and the water levels of the Saskatchewan and Qu'Appelle valleys will be placed in a position where use will be made of those waters which for tens of thousands of years have simply been wasted by working their way ultimately, without benefit to the surrounding area, into Hudson bay. In addition there will be the recreation and tourist values consequent upon this development. These benefits, of course, will not be realized immediately, but my hope is that within a generation this project will be an achievement of such importance that it will be recognized as an asset of national consequence.

The essential features of the agreement are that the dominion government will design and build the dam and the essential works required for creating the reservoir that will impound 8 million acre feet of water. The estimated cost of this reservoir is $96 million, of which the dominion government will pay 75 per cent and the provincial government 25 per cent. Whatever the additional cost may be, the provincial share will in no case exceed $25 million. Furthermore, the national government will pay 25 per cent of the cost of the penstocks required to produce that minimum of power to which I have referred already.

Furthermore, as to the province's share of the expenditure for the reservoir which, as I said, is 25 per cent of the amount and in any event, regardless of the cost of the reservoir, will not exceed $25 million, the national government will aid in financing one-half by an obligation under which the province has 20 years in which to repay at an interest rate representative of the current cost to Canada of long term borrowing, and a carrying charge of one-eighth of one per cent. In other words, Saskatchewan's share of the cost is to be paid annually as the work progresses, one-half of such share to be paid in cash and the remainder in 20 years under the loan plan to which I have made reference. Saskatchewan will construct, operate and maintain at its own expense all power and irrigation facilities. The province will relocate provincial highways and ferries affected by the dam and reservoir, and the national government will pay 75 per cent of the cost of this work up to the equivalent of standards existing at the date the agreement was entered into.

When the reservoir has been filled to a level that provides a minimum operating head, it and all related works will be transferred to the province of Saskatchewan and that province will be responsible for operation, water allocation, and other decisions arising from the use of the impounded waters. For a period of six years from the transfer of the reservoir to Saskatchewan the national government will furnish all work and materials for maintenance and assume the full cost. For the next four year period the Saskatchewan government will share such costs equally and will thereafter relieve the national government of all obligation for further construction and maintenance.

I believe, sir, that in presenting this motion I can say that it represents a step in the achievement of a national policy which is based on the belief that the national welfare demands positive action to meet maladjustment in particular regions and industries. I am hopeful that this motion will receive the general support of members in all parts of the house, and that in the years ahead we will be able to look back on this day, particularly in the province of Saskatchewan but in the western provinces as well and throughout the country, as having brought about the beginning of an achievement which will give hope to those in that area for the future and will lay still stronger the foundations of a national development program to assure a reasonable degree of equality of opportunity in all the provinces of this country.

Mr. Armand Dumas (Villeneuve): From July 25, Mr. Speaker, the day on which the Prime Minister made an announcement in respect to the South Saskatchewan river project, to date we have been led from one surprise to another. First of all it was an agreeable surprise when on July 25 the Prime Minister announced that the government had signed an agreement with Saskatchewan. Then it was a surprise also when on August 18 there appeared in *Votes and Proceedings* the motion which we are debating this morning. It is another surprise to see that the

Prime Minister is presenting this motion instead of the Minister of Agriculture. Of course the Prime Minister has taken such a great interest in this project, which is located in his own province, and he has worked so hard for this project in the past that, if we are surprised that the Minister of Agriculture is not presenting the motion, we are pleased to see the Prime Minister doing so.

Now, Mr. Speaker, what we are being asked to do by this resolution is to approve the terms of an agreement between the government of Canada and the government of Saskatchewan with regard to the South Saskatchewan river project. This motion, in fact, is a blank cheque, to which the approval of both houses of parliament is requested. It is as simple as that. This resolution is not in the usual form, that it is expedient to introduce a comprehensive measure, but is to the effect that it is expedient that both houses of parliament approve an agreement between the government of Canada and the government of Saskatchewan respecting the South Saskatchewan river project.

On July 25 last the house was informed by the Prime Minister that an agreement in regard to this project between the government of Canada and the government of Saskatchewan had been signed earlier that day on behalf of the federal government by the Minister of Agriculture. We were told that the project was in the state where construction could proceed, and following this announcement the leader of our party expressed satisfaction that this agreement had been signed and told the house that he felt confident that the project would be of value not only to Saskatchewan but to the prairie provinces and, as such, would make its contribution to the national development.

As a result of this announcement by the Prime Minister every member had good reason to believe that a comprehensive measure would be introduced in the house in the usual manner. In fact, until the present resolution appeared in *Votes and Proceedings* on August 18 we of this group had good reason to believe that a bill would be introduced, which bill would be preceded by a resolution in the usual form and that we would be given the opportunity to discuss the bill in all its stages. We were expecting a measure in which would be outlined certain rules and regulations regarding the construction, operation and maintenance, the allocation of water in respect of irrigation, domestic consumption and hydroelectric power and so on, a measure in which would be mentioned the approximate amount of money to be spent by the federal government on this project. We were expecting a measure in which would be outlined the basic procedure to be followed in order to carry this project to its full utilization.

But instead of being called upon to approve an act of parliament, which I think this project would have warranted, an act which would have become part of the statutes of Canada, we are simply asked to approve an agreement which on the whole seems to meet the requirements, especially as far as the two authorities are concerned—the federal and provincial governments—because, after all, both parties have signed an agreement. This agreement could have been referred to in the bill; but the seriousness of the matter is that we are asked to give the government a blank cheque for the next three or four years.

We are very much in favour of the government proceeding with the construction of this project; there is no question about that, and while we do not disapprove entirely of the agreement as such, we disapprove of the procedure which is now being followed by this government in order to secure the authority of parliament to initiate the construction of such an important project. For this reason, later in my remarks I propose to move an amendment to this resolution.

The need of irrigation in the South Saskatchewan area is a fact that cannot be denied by anyone who knows the situation in that part of the province. The desirability of launching an irrigation scheme such as the South Saskatchewan river project is also admitted by all persons who are really informed on this problem. That the time has come to consider this development in terms of national benefit rather than of isolated or local development has been clearly established in the report of the royal commission of 1952. That the full utilization of the South Saskatchewan river should be undertaken as a national obligation is also recognized. That the conservation and control of water in that watershed is partly a federal responsibility, I do not think there can be much doubt.

This is a very important point, and I would like to quote from the report of the royal commission on the South Saskatchewan river project as to what was submitted by the province of Alberta, which appears at page 19, as follows:

> Because the conservation and best use of interprovincial streams in the Saskatchewan river drainage basin can only be attained through the regulation of the flow of the streams by storage, and because the natural and artificial storage sites are in the mountain and foothill regions of the drainage basin, it is not possible to administer the water resources of this basin in the best interests of the respective provinces except through a single administrative authority. In other words, these

interprovincial streams cannot be administered in the best interests of the most beneficial use of water by the respective provinces separately.

The former premier of Manitoba, in a letter to the commission, in referring to the effects of the upstream developments had this to say, as reported at page 342 of the same report:

It would appear therefore that your commission should give consideration at this time as to what responsibility the government of Canada should accept for the integrated development of the entire watershed.

What I have said regarding the necessity of irrigation in that part of the province, the necessity of conserving the water and the necessity of distributing this water, is very important. We are aware that the South Saskatchewan river project is a measure certain to help the prairie economy. We have always been aware of this, and we also know of the great advantages which will result once the project is completed. We do not underestimate the importance of irrigating 500,000 acres in the southern part of that province and the benefits which will be derived from a transfer from dry farming to irrigated farming. The production of 375 million kilowatt hours of firm energy annually, of which 325 million kilowatt hours will be available for commercial use, will also provide opportunities for new industries.

The future of municipal water supplies, as the Prime Minister mentioned, especially for the cities of Regina and Moose Jaw, will be very much improved, and this is another important factor. I could also mention the fact that the control of the natural flow of the river will improve the quality of the water in the Qu'Appelle valley; it will permit the development of other areas downstream, and will most likely also improve the hydro-electric power development down the river.

In my estimation, however, one of the most important advantages is that it will offset the decline of population in this area. It will also probably help to reduce the assistance payments to dry farmers and will provide extra employment. There are other benefits to be derived from this project when completed, such as an increase in the number of farms in the irrigated area of the province and also increased facilities for the tourist trade in the province of Saskatchewan.

After twelve months of negotiation the federal government and the government of Saskatchewan are now proposing to undertake the development of an irrigation and agricultural rehabilitation project incorporating hydro power facilities. Both governments have agreed on certain terms, as outlined by the Prime Minister, which terms are incorporated in an agreement dated July 25, 1958, tabled in this house on August 1. This agreement, as the Prime Minister has said, is divided into six parts. The first part—and I say this is the most important part—relates to the construction of the reservoir. This will be accomplished by building two dams, a main dam located at Coteau creek and a subsidiary dam on the Qu'Appelle river in order to stop the flow. These are, of course, the main works. But it is not only a question of building the dams themselves; there is also the question of installing the necessary facilities.

The second part of the agreement has to do with the operation and maintenance of the reservoir, and the third part relates to the construction of a power house and facilities, such as penstocks for generation and transmission of hydro-electric power. The fourth part of the agreement sets out the responsibility of the province with regard to irrigation facilities over 500,000 acres of land, and the fifth and sixth parts have to do with records, inspection, payment and generalities.

Mr. Speaker, we welcomed this morning the statement by the Prime Minister. The right hon. gentleman mentioned that the cost was estimated to be $96 million. However, we would have liked to hear him give a more accurate estimate, because we are under the impression that the cost of constructing the dams on the South Saskatchewan river at Coteau and in the Qu'Appelle valley will exceed $96 million. I say this because an estimate has been prepared and because, of course, the estimate which was incorporated in the report of the royal commission of 1952 has been criticized. Many have said that the estimated cost was exaggerated, but it is surprising to see that when the province of Saskatchewan established the cost of its share of the work, it was under the impression that it would have to pay an amount up to $110 million. Of course we understand very well that this sum would not be paid in a matter of two, three or five years. We realize it will probably be spread over a period of 20 years.

We understand that the province will pay 25 per cent of the cost of building the dam, and I gather that of this amount of $25 million the province will only have to pay 50 per cent, or $12½ million in cash. This is likely to be the amount which the province will have to pay over the next seven or eight years, because I understand the timetable for the construction of the dam envisages a period of between six and eight years. It is a substantial amount. As far as I am concerned, I feel the province might have been asked to pay less. However, it is not an exaggerated share for the province to have to

pay. In addition, the province will have to pay the cost of the power house, including 75 per cent of the cost of the penstocks, the federal government having agreed to pay 25 per cent of the cost of these installations. These, the province says, will cost $35 million.

There must also be taken into account the irrigation scheme. The building of canals and the pumping stations will cost, according to figures we read in the newspapers, another $45 million, and I think that estimate is conservative in view of the fact that so many pumping stations will have to be built. The share of the provincial government may eventually amount to more than $110 million, but if we take that figure it is surprising to see that it coincides with the figure mentioned in the report. In the report, of course, the cost of construction of the dam alone is estimated at $139 million, by which I mean the cost of the construction of both dams and of the facilities connected with them.

Thus we can presume that the cost of building those two dams and creating the reservoir will amount to much more than $100 million. We do not object to this, but we feel that the Prime Minister should have come forward and told us, "We are asking, now, for a revised estimate", or "We have asked the engineers to prepare new estimates".

However, this is not an objection. We do not object to that. What we object to is the fact that this motion has been presented in the form of a resolution simply to approve an agreement which has been entered into by both parties. The cost to the province will be quite high. I know that negotiations have gone on for 12 months because the province of Saskatchewan felt it should have had the same advantages that were extended to the maritimes with regard to the production of hydro-electric power. They certainly have something there. However, this government feels that all it can do in this respect is to pay 25 per cent of the cost of intalling penstocks in the dam and down to the power house.

There are many questions we should like to ask the Prime Minister, but I understand that Your Honour being in the chair we are not permitted to ask questions and have them answered back and forth. We can only ask the minister to give us some additional information, when he rises to reply and closes the debate, with regard to the timetable. When does the government intend to begin this work? I know the Prime Minister has said that as soon as an agreement could be signed the work would be started. When the Prime Minister said that, he was anxious to see the work begun. However, we would like to be given this information with somewhat greater precision.

We should also like to ask the Prime Minister if it is the intention of the government to organize an authority to build the dam. I know that under the agreement there is mention of a board, and the duties of that board are outlined in part 6 of the agreement, on page 15:

> 21. (1) Canada and Saskatchewan will constitute a board of officials, to be called the South Saskatchewan river development board, to consist of seven members, four of whom, including the chairman, shall be appointed by Canada and three of whom shall be appointed by Saskatchewan, and the duties of the board shall be as follows:
>
> (a) to review the general design of the project with particular reference to the schedule of construction and the design relationships of the main dam and reservoir to ensure the most economic use of water for irrigation and electric power;
>
> (b) to maintain continuous liaison with the parties hereto and their agencies;
>
> (c) to correlate the planning and information required for the proper timing of construction;
>
> (d) to be fully informed of all construction work undertaken pursuant to this agreement; and
>
> (e) to advise upon accounting and records procedures required for the sharing of costs and the payment thereof.

But, Mr. Speaker, we are not sure if this board will decide on contracts, for instance. We do not know if the board will see that tenders are called. I can understand that this board would be a body acting between the government of Canada and the government of the province of Saskatchewan in respect to those matters which are outlined on page 16.

Another question to which we would like an answer is this. Has the government established a timetable for the work? We have read in various reports that the work will take a considerable length of time to complete. First there was mention of a period of eight or ten years, but now we are told in the report of the royal commission and by the P.F.R.A. that the work can be done in six years. So much the better. At the end of six years there will be a period during which the federal government will operate and maintain the reservoir, and then the reservoir will be transferred to the province following that period. These are matters on which we would like to have clear answers.

Another question of interest to us is this. Has the government prepared a final estimate? I mentioned that we were worried because we have had only a rough figure of $96 million. In view of the fact that some figures of the royal commission report for the construction of the dam have been used, we feel they will probably be closer to reality.

There are many other things we would like to know. For instance, is it the intention

of the government to have this agreement approved by both houses of parliament and then perhaps next year present a bill to proceed with the work? Of course this would be quite good publicity for the government. One year we have a resolution and the next year we have a bill. I observe that the Prime Minister is shaking his head; apparently he is saying no. We would have hoped the government would have come forward with a bill in which would have been incorporated all the things I mentioned at the beginning of my remarks including the cost, the amount of money the federal government intends to spend to realize this project, and many other things.

There is another important question mentioned in the report of the royal commission of 1952. According to contractors, men who have had some experience in the building of large projects, it would be of advantage for the government to give one main contract. It may be that the government intends to give one main contract for the construction of both dams in order to fill the reservoir. On the other hand, perhaps the government intends to give separate contracts for each dam. Perhaps it intends to give separate contracts for building the construction sites and for building the necessary roads to proceed with the job. Those are the things we would like to know about, and when the Prime Minister closes the debate I trust he will answer these questions.

I do not wish to take too much of the time of the house. As I have already said, we were disappointed that a bill was not introduced. It is true that certain amounts of money are included in the estimates. There is a small amount in the main estimates and a substantial amount in the supplementary estimates; but those estimates came before the house on August 1, the day the agreement was tabled. I would not swear to it, but I believe it was not mentioned that the agreement had been tabled or, if it was mentioned, I would point out that it was tabled the same day the Minister of Agriculture completed his estimates. Therefore I will ask the Prime Minister to answer some of the questions I have raised.

May I repeat that we would have preferred to have a bill. While we are anxious to see this project proceeded with, and while we do not disapprove of the agreement contained in the document consisting of 17 pages, we do disapprove of the procedure adopted by the government in this regard. For this reason I move, seconded by the hon. member for Welland (Mr. McMillan):

That all the words after "1958" in the resolution be struck out and the following substituted therefor:

"but that this approval be not given until a measure preceded by the recommendation of the Governor General thereto has been introduced by the government providing for the authorization of the necessary expenditures for the whole project."

Mr. Speaker: While this amendment might be appropriate on a bill, I am not clear that it is in order on a resolution. I should like to refer the hon. member who has moved the amendment to the obstacles which I see to it, in case he has some citation or authority which would change the view which appears to me to be appropriate at this time. Citation 203 of Beauchesne's "Parliamentary Rules and Forms", fourth edition, deals with amendments. Paragraph (1) reads:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto.

This amendment does not propose to deal with the motion before the house at all; it proposes to declare that some other course of action should be taken which I think is really declaratory of a principle. That sort of amendment is dealt with by Beauchesne in his third edition, in citation 346 at page 137, where he says:

Moreover, the amendment could not be a declaration of principles because the only motions on which such a declaration can be moved are motions for the address in reply to the speech from the throne, motions to go into committee of supply or ways and means and for the second reading of public bills.

On that basis it seems to me that the relevancy of the amendment must be that it relates to the subject matter of the resolution. This proposed amendment does not seek to modify the resolution; it seeks to dispose of it altogether on the basis that the government should have taken some other course. Before I rule the proposed amendment out of order I would like to hear hon. gentlemen on it.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would draw your attention to citation No. 202, subsection 13 of Beauchesne's fourth edition, which reads as follows:

An amendment to alter the main question, by substituting a proposition with the opposite conclusion, is not an expanded negative and may be moved.

Now, we admit at once that this does substitute an alternative to the course proposed by the government. The course proposed by the government is that it is expedient that the two houses of parliament approve this agreement. We are not proposing to amend

that part of the motion. What we are questioning is that this house should approve the same at this time. What we are suggesting is an alternative line of procedure. I suggest to Your Honour with deference that the amendment is not declaratory of a principle but is procedural, and on the facts does seem to come completely within the ambit of the citation I have cited.

It also seems clear to me that it is relevant to the question in this sense, if I may say so with respect, that it does propose a course to be taken with respect to the first proposition, and therefore is relevant to the first proposition, but a course different from that which the government desires to have the house take.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on the point of order, in addition to the citation you have mentioned, namely 203 in Beauchesne's fourth edition, there is the other one which I have not yet been able to lay my finger on but which will be familiar to you and to all hon. members, namely the citation dealing with the principle that an amendment which raises a new matter cannot be moved except after notice thereof has been given.

There are the two branches of the proposition: first, that an amendment must be relevant to the question if it is to be in order; or, if it is not relevant to the question but raises an entirely new matter, then it can only be introduced after notice has been given. There are on the records of the house many speakers' decisions ruling amendments of this nature out of order on a combination of those two grounds.

The hon. member for Bonavista-Twillingate has admitted that this raises a different proposition, leading to an opposite conclusion which, of course, is exact proof of the point I make that this amendment raises new matter. They are asking not that we do one thing which the government has suggested in the resolution now before the house and of which proper notice has been given, but that we do an entirely different thing, raising a new course of action, and they have given no notice whatsoever of this amendment.

Therefore on those two grounds, first because it is not relevant to the motion under consideration and second because it raises a new matter and therefore can only be introduced after notice, I submit that the point of order is entirely apt and that the amendment is out of order.

Mr. Pickersgill: Mr. Speaker, would you hear me very briefly on the second point raised by the Minister of Justice? It does not seem to me that the amendment raises any new matter; it merely proposes to deal in a different way with the matter which has been raised by the government, and there is no new matter. There is a new proposition, I grant you, but no new matter in the amendment.

Mr. Speaker: I thank the hon. members for their help in this matter. In effect the amendment asks that the resolution be not now dealt with but that some intermediate step be taken, and specifies what that step should be. To my mind it is not an amendment which proposes the opposite conclusion, as referred to in subsection 13 of citation 202 of Beauchesne's "Parliamentary Rules and Forms", fourth edition, to which the hon. member for Bonavista-Twillingate referred. It is either an expanded negative in the sense that it disposes of the resolution entirely or it is a declaration of principle, and on either of those grounds I do not think I can accept the amendment as being in accordance with the rules.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this is an historic day not only for Canada but more particularly for the people of Saskatchewan. It demonstrates very clearly that when the people of a province are united, as the people of Saskatchewan have been for so many years in asking for the building of this dam on the South Saskatchewan river, no matter what the obstacles, no matter how many learned commissions may inquire into the proposition, their united faith and determination will win through against all obstacles.

To a very considerable degree the debate on this motion and its adoption are non-political matters. Over the years the Prime Minister has been consistent in his advocacy of a dam on the South Saskatchewan river. He has been consistent, and he has been a very persuasive advocate of this proposition.

I said it was a matter which commended the support of the people of Saskatchewan without regard to politics. I think that was true even under the former Liberal administration. For many years we had in this house Right Hon. J. G. Gardiner as minister of agriculture. I am sure no one doubts that Mr. Gardiner was fully in support of this proposition. When Jimmie spoke on the floor of the house one was not always able to ascertain that he personally was in favour of it, because he was a very excellent debater and apologist for the cabinet on any given proposition. Nonetheless his stand has been consistent, and I am sure that he, with all other residents of Saskatchewan, will rejoice that this step is being taken.

The premier of Saskatchewan, who signed the agreement on behalf of that province,

has been a firm champion of the South Saskatchewan river project both as a member of parliament from 1935 to 1944 and subsequently as premier of the province and I think, together with the Prime Minister, his faith is amply demonstrated by the agreement that has been signed.

The hon. member for Villeneuve made a very interesting speech. While he comes from another province, he has shown that by applying himself to the subject he has been able to obtain an excellent grasp of its many details. I think it is rather important to note that the spokesman for the official opposition in this debate represents a constituency in the province of Quebec. This is further proof to me of something I have believed for a long time; that although the main benefits of a given project before parliament will accrue to a particular section of the country, members from all areas will forget their regional differences and support such a project as in the national interest even though its primary benefits will be felt by the people of another province.

I do not want to open old wounds, but I am further convinced in my attitude by the statement of the hon. member for Villeneuve that the former prime minister was not right when he said the project was not in the national interest, or that he had not been convinced that it was in the national interest. We see a member from the province of Quebec speaking for the official opposition who, while asking many questions and suggesting an alternative procedure, has left no doubt that the official opposition will support the project.

This year, 1958, is perhaps a good year to proceed with the dam, as it is a year of widespread drought in the province of Saskatchewan. The degree of drought was not nearly as bad as some of us feared some weeks ago; nevertheless Saskatchewan faces a short crop and in various areas there is a difficult feed problem. This summer the people of Saskatchewan and the South Saskatchewan river development association once again demonstrated their faith in the project at a meeting at Outlook which 700 persons attended for the purpose of lending their support to the proposition that a dam should be built on the South Saskatchewan river.

It has been said by the deputy minister of agriculture of Saskatchewan, and again this is something with which everyone will agree, that the project will stabilize feed reserves within a radius of 150 miles from the site of the dam. If this is true, and I believe it is, it will mean the stabilization of the fodder supply for farmers year in and year out, no matter whether the crop is good or bad, over an area of 70,000 square miles or 45 million acres.

The dam will also provide certain power facilities and, as the Prime Minister has said, will result in the irrigation of a maximum of 500,000 acres. We in Saskatchewan expect that this will go a long way toward providing a substantial measure of industrialization in the years ahead.

While it may be impossible to prove from a cost accounting standpoint that all the money going into the development will be returned with interest, I believe time will show that it was a good, sound investment from the national point of view, and that together with the direct dividends the indirect dividends that will flow from the project will more than warrant the action parliament is taking today.

I think the project is being proceeded with at an auspicious time because of the slackness in the Canadian economy, although I do not want anyone to think we believe we should have waited until there was a degree of slackness in the economy before starting the dam. We are hoping that work will be started immediately, and that as construction is launched it will reduce unemployment in the nation very materially and provide for the taking up of part of the slack in our economy. It has been estimated that the project will take 18 million man hours and probably a work force of 1,800 men plus machinery to lay one million cubic yards of concrete and 50,000 tons of structural steel. These materials will go to build a dam 250 feet high and 8,000 feet long which will provide a main reservoir covering 8 million acres which will be 140 miles long, with a shore line of between 400 and 500 miles.

It has been estimated that the total cost of the project will be $180 million. I have said that this proposition is supported by all the people of Saskatchewan. I hope and expect that when the vote is taken on the resolution it will be passed unanimously. But I do not think that the public should assume that this is a hand-out or gift to the province of Saskatchewan, because it is a joint project toward which both Saskatchewan and the federal government will pay very large sums of money. Of the total estimated cost of $180 million it is estimated that the total federal government contribution will be $74 million. Therefore the people of Saskatchewan will be paying directly more than half the total cost of the project when completed.

It has been said that next year will mark the one hundredth anniversary of the time the project was first suggested. However, since 1935 it has been put forward as an idea

that might be fulfilled within a short time and the Liberal government, through its minister of agriculture from Saskatchewan, did not hesitate on every occasion to set out the advantages that would flow from the project. We had always understood, in the early days of discussion, that the federal government was to bear responsibility for the project. As the years have gone on, more and more of the cost has been laid upon the province of Saskatchewan. In 1953 the present Prime Minister in speaking on this particular point had this to say, as recorded on page 1586 of *Hansard* for February 3, 1953:

> Then on May 31, 1951, for the first time to my knowledge, a suggestion was made by the Minister of Agriculture (Mr. Gardiner) that it would be necessary for the province of Saskatchewan to accept the responsibility of providing irrigation facilities. Until that time I had never heard, nor am I able to find any record anywhere, that there was any responsibility to fall upon the province of Saskatchewan.

Those were the words of the present Prime Minister speaking in this house at that time. It was clearly stated by the Liberal government that Saskatchewan would have to bear the cost of providing irrigation facilities. We had expected, in the light of order in council P.C. 2298 of June 19, 1947, that in addition to the dam the main irrigation canals would be maintained by the federal government. In this instance I think I am correct when I say that these main irrigation canals will be a responsibility which must be borne by the provincial government. In the order in council to which I have just referred it was made very clear that when the federal government built the dam, that is the main dam and the main canals, the federal government would operate those projects. In paragraph 4 of this order in council there are these words:

> In the construction of an irrigation project hereunder, Canada will undertake and assume responsibility for the construction of the main reservoirs and any connecting canals and will be responsible for the maintenance and operation of such works;—

This was laid down as an over-all condition for all main irrigation programs in Canada by the former Liberal administration. It is true that this did not apply to Saskatchewan. It was not applied to Saskatchewan because we were not given the opportunity of proceeding with the dam. Nevertheless that was the overriding condition, and it was to apply when such an agreement was signed. We find now, after a period of ten years and in the face of great opposition from Saskatchewan, that the main dam is to be turned over to the province for operation. Saskatchewan would have preferred that the operation of this dam be assumed by the federal government in perpetuity. This is another responsibility that the Saskatchewan government has been asked to assume.

Then Saskatchewan has been asked to pay not only for the installation of power facilities at the dam site, but also a portion of the cost of construction of the dam itself. The main dam, it is estimated, will cost $96 million and Saskatchewan has to pay 25 per cent of this amount or $24 million, with a ceiling of $25 million because a ceiling has been written into the agreement. This is another cost that Saskatchewan must pay. When the negotiations for this agreement were taking place Saskatchewan asked for a $20 million loan to provide power facilities. This loan was not granted, although agreement was given to a loan for half the 25 per cent of the cost of the dam for power purposes.

Then, of course, there was the whole question of damage to property of third persons if the dam should go out, either as the result of faulty construction or because of flash floods or some other act of God. The government has gone some distance in agreeing that it would assume this responsibility under certain conditions, but a substantial part of this responsibility may be left with the province.

These are some of the steps that have been taken as the negotiations have been conducted, and which have led to greater and greater burdens being accepted by Saskatchewan. If Saskatchewan had turned them down there would be no dam.

I do not believe this is the final agreement. I do not believe this agreement will stand forever in this final form, or will even stand in this form during the life of the members of this house. I feel that Saskatchewan has a case for asking, in the years ahead, for the federal government to assume a larger share of these costs. I have no doubt that Saskatchewan, no matter what the composition of the legislature, will unanimously request the federal government from time to time to be more generous in its sharing of the costs than is set forth in this agreement, just as the legislature gave unanimous approval to this agreement.

This will be a very heavy burden upon the treasury of Saskatchewan. It is estimated that the share of the Saskatchewan people, apart from their share of the federal proportion as citizens of this country, will total $110 million. This is a severe burden on any province and it will be a large burden on a province like Saskatchewan, even though Saskatchewan revenues continue, as they have in recent years, to expand and improve. In addition to

the heavy burden that comes from the provision of this sum of money itself, the burden will further be increased—and no one can deny this—by the financial policies that have been proceeded with by this government during this session. The reconversion loan will make moneys for provincial projects more expensive, and will add to the cost to be born by the Saskatchewan treasury.

In my remarks I have said this is a project that appeals to the citizens in Saskatchewan of all political parties. I give it my full and wholehearted approval. The people of Saskatchewan will rejoice as they see this project proceeded with in the years ahead. There may be instances when we feel, so far as the power loan is concerned or other aspects, that we have a greater claim on the federal treasury, especially in the light of what is being done in other parts of Canada, than the government is prepared to accept at a given time. However, we are good Canadians and we shall support similar projects in other regions when they have a similar value for the residents of those regions. We do hope and we are confident that in the days ahead the terms for the province of Saskatchewan will be improved and that this very important joint project will prove to be one of the best undertakings the Saskatchewan government and the federal government have ever undertaken.

Mr. C. O. Cooper (Rosetown-Biggar): As the member for Rosetown-Biggar, where the South Saskatchewan dam will be located, I should like to tell hon. members about some of the ways in which we will benefit from this great project. First I would like to say that this is not a new project; it has been spoken of for years. In fact the first time the South Saskatchewan river dam was mentioned, according to a little story, was during the period of drought before Saskatchewan became a province and when it was part of the Northwest Territories. During this period of drought all the buffalo and antelope had left for greener pastures in the north, and the Indians on the plains were starving. One day, away on the horizon, a band of Indians saw a herd of buffalo and the chief called together his braves and picked from them his best hunters. He put them on the fastest horses and sent them out to bring in some meat to his starving tribe. After riding for many miles they came to the Saskatchewan river and there, on the other side, they saw the herd of buffalo peacefully grazing on the banks. One of the braves looked across the river and said, "Damn that river." That was the first mention of the South Saskatchewan river dam.

To be more serious, it was in the 1850's that a party of men headed by a Mr. Palliser was sent into the Northwest Territories to see what the value of that country would be west of the rockbound shores of lake Superior. The party spent about six years there and eventually brought back a report to the effect that it was a short grass, treeless country, the land being very fertile, but owing to the long period of drought it would never be fit for agriculture. Mention was made of this great river running across the plains which could be dammed up and the water used for irrigation purposes. Nothing was done, however, until the great drought of the thirties, when the people realized that something had to be done to improve conditions on the prairies and they began to study the feasibility of a South Saskatchewan river dam. After years of study, negotiation and no action, I now have the privilege of supporting a government which proposes to build that dam, so it will become an immediate reality.

I wish now to say a few words on the dam itself. The dam will be of earth construction, 205 feet high, 16,700 feet long and the water behind the dam will be 180 feet deep. This will create a lake 135 miles long with a shore line of 475 miles. One can realize from those figures just what the benefits will be. First, there will be recreational facilities including camping, boating, fishing and summer resorts within a two-hour drive of over half the population of Saskatchewan. The Qu'Appelle valley starts on the Saskatchewan river at a point near Elbow, and the waters from the Saskatchewan river dam will flow down that valley to a depth of 80 feet. An auxiliary dam will be built in the Qu'Appelle valley to allow a gradual flow of water down the river, which will keep five beautiful lakes at their original levels. There are many summer homes and camping grounds built around these lakes, and in the 1930's the people looked out from their summer homes on to dry, dusty lake bottoms, so this is but a by-product of the main benefits which will be received when the South Saskatchewan river dam is built.

The next point with which I would like to deal is the domestic water supply. The thriving cities of Moose Jaw and Regina have spent millions of dollars on their water supply, and in late years they have tapped Buffalo lake in the Qu'Appelle valley. Yet they have only a two months' water supply during the dry period. In the 1930's there was a penalty imposed for using municipal water for washing your car or watering your garden and many of the beauty spots dried up, just as did the farmers' crops. Small towns and villages in Saskatchewan are presently passing bylaws for water works, sewage and sanitation, but the real problem

is the water supply from the South Saskatchewan river. These reservoirs I have mentioned can be tapped so these small towns and villages can get an adequate water supply.

I shall be brief with respect to power. The dam will produce 210,000 horsepower or an average annual output of 475 million kilowatt hours. At the present time Saskatchewan power is generated through steam turbines. The hydro power to be produced by the South Saskatchewan river dam will give us an abundance of cheap power to aid in the development of the natural resources of the province.

I come now to the main purpose, that of irrigation. The present proposal is to irrigate 500,000 acres, which I feel will take 500,000 acres out of our one crop economy, wheat, and put agriculture in Saskatchewan on a more stable economic basis. I particularly have in mind the cattle industry. At one time we had a cattle industry, but during the drought period of the thirties our herds were cut down, the climax coming in 1937 when the government and the municipalities could only supply enough feed for one cow per farm for milking purposes. If you kept more than one cow you had to provide the feed. Then in 1937 the government bought up all the surplus stock at 1½ cents and 2 cents per pound. After that experience the farmers were very reluctant to build up herds, but more recently the younger farmers have built up cattle herds of better quality and Saskatchewan now has more cattle than ever before. There is, however, always the danger of another drought period as a result of which the farmers would have to sacrifice their cattle as they did in the thirties.

Summer pasture is always a problem when it takes five acres of our native pasture to feed one cow. On the other hand, on irrigated pasture seven cows can be supported by one acre of land. This is typical of the benefits to be derived from the irrigation of 500,000 acres of the dry area of Saskatchewan.

Statistics show that the development of the area under P.F.A.A. meant the paying out of assistance totalling $10,200,000 during the period 1939 to 1950. Would it not have been better to have paid out this money for the construction of the dam? Further statistics show that the population in this area dropped from 32,000 in 1926 to 18,000 in 1951 because the small farms were being taken over by the larger ones, for only the larger ones could carry on under the dry conditions. We all know that we have to have population in order to prosper, and that we cannot attract people under existing conditions.

[Mr. Cooper.]

The hon. member for Medicine Hat stated in the house that we expect a land flowing with milk and honey, and that all our problems will be over when the South Saskatchewan river dam is finished. This is not correct, but we do expect a green oasis in Saskatchewan's dry belt, and we will benefit by the experience of our Alberta friends who have had the advantage of irrigation for some time. This is a long term project, but Saskatchewan farmers are quick to seize any opportunity to get away from a one crop economy dependent on wheat.

To sum up the benefits to be provided, they are the irrigation of 500,000 acres, cheap electric power development, improved domestic water supplies, recreation and tourist attractions.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising to take exception not to the subject matter of this resolution but to the form in which this question is presented to parliament. It does seem to me that what we are witnessing today is either a completely meaningless gesture or a new and improved and streamlined form of closure. I do not much care which interpretation is put on it; in any case it does not seem to me an appropriate way in which to bring a matter of this kind before parliament. It is perfectly obvious, of course, that when this resolution is adopted—as I have no doubt it will be, considering the distribution of parties in this parliament—it will have no legal effect whatsoever.

Mr. Diefenbaker: Are you going to oppose it?

Mr. Speaker: The hon. gentleman seems to me to be speaking on a point of order as to whether or not this matter is properly before the house in its present form. If I am right, I must tell him he is out of order. The time to have taken such an objection was when the question was proposed at the beginning of the debate.

Mr. Pickersgill: I am not suggesting to Your Honour or to the house that there is anything improper according to the rules. All I am suggesting is that this is an inappropriate way for the government to treat the house, and I am sure Your Honour would not contest the right of a member of the opposition to argue that point. I maintain that in a matter of this importance dealing with a project which at the very lowest calculation is going to involve an expenditure of over $100 million, this is a most unusual procedure. I hesitate to say it is unique, but I suspect it is a unique way of dealing with a project of this character.

Mr. Diefenbaker: May I ask the hon. gentleman if he does not realize there will be a vote each year in respect of the expenditure for that year, and that his statement is incorrect?

Mr. Pickersgill: I realize that perfectly well, and it is precisely the point I am coming to. That is precisely why, if I may refer to it, my hon. friend from Villeneuve made the motion he did, the motion which Your Honour ruled out of order and with regard to which we, of course, accept your judgment. We feel this is a most improper way in which to deal with a proposal of this character, involving as it does piecemeal financing in bits and pieces without knowing in advance where this undertaking is going to lead. I recognize that I am coming close to transgressing the rules when I say this, but we have heard in another place criticism by hon. members opposite of what is alleged to have been bits and pieces financing of a project which, compared with this one, is very small indeed; and it seems to me that if parliament is to make a real judgment on this matter it should consider the whole proposal as a legislative project in a fashion which would enable all hon. members to examine every aspect of the proposition.

I said, and of course we all know, that when this resolution is passed it will commit the government to absolutely nothing. All it does is commit the two houses to express the view that they approve this undertaking. But a resolution of the two houses, as again we all know, has no legal effect whatsoever; it is merely a pious expression of approval.

What we fear is that the government is going to use this expression of approval of the two houses as a blank cheque, as the hon. member for Villeneuve very correctly put it, and that they are going to bring in an estimate in respect of the amount of work which they feel can reasonably be done each year without this house at any time being given an opportunity to consider, with all the details before it, what should be the proper judgment of parliament with regard to a matter of this magnitude.

I am sure there is no one in the house—at least, I know of no hon. member of the house—who has any question in his mind but that this project in itself is a good thing; that it will be a very desirable thing to develop this hydro-electric power; that it will be a very desirable thing to have this great lake in south Saskatchewan; that it will be a very desirable thing to have this water available for irrigation. No one doubts that. But this country is filled with desirable projects which all of us, or some of us at any rate, would like to see developed.

It is, of course, the responsibility of parliament in appropriating money to make choices, because under our present system—and I hope it will long continue to be our system—the supply of money is not unlimited. It is our responsibility in appropriating money to make choices between desirable things and it is not possible, I submit, to make an intelligent choice on the basis of a resolution of this character.

What we should have before us, it seems to me, is a resolution with a message from the crown and a bill setting out the whole scheme, a bill which could be considered in committee and through all the stages that are provided with regard to money bills of that character. We will not be in committee on this resolution. Once a vote is taken on it the matter is disposed of as far as this house is concerned. We have no way of scrutinizing the agreement and no way of asking questions of the government with regard to the details of the agreement; no way of knowing, beyond what is in the text itself, how it is proposed to proceed to implement this agreement.

And when I said that it seemed to me this resolution was either a meaningless affair, a pious expression of good intention, or it was a new, improved and streamlined form of closure, I meant exactly what I said. I admit that the government and the Prime Minister are very clever at this kind of thing. I yield to no one in my admiration for the Prime Minister in this field, because he presents us with a dilemma. He says, "Either you vote against this resolution, in which case we will go all over the country saying you are against the South Saskatchewan dam, or you vote for it, and from then on every time you say a word in criticism we will get up and say you approved it".

Mr. Diefenbaker: Would the hon. gentleman allow a question? I appreciate the personal reference, but the rules would not allow me to pursue it. As a member of the government which had before it the report of the royal commission and which studied this matter most carefully for a long while, what is the hon. gentleman's opinion as to whether or not this should be proceeded with?

Mr. Pickersgill: The Prime Minister, like myself, has taken the privy councillor's oath. He took it much more recently than I did, and I imagine the words are still quite familiar to him. While I appreciate very much his intervention, I am discussing what the present government is doing, not engaging in historical reminiscence, and I have no intention of being diverted into that field by the Prime Minister.

I wonder if I might call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Pickersgill: Mr. Speaker, when we adjourned for the luncheon recess I had repeated a statement I made at the outset of my observations, and perhaps for the sake of continuity I should repeat it again, namely that this motion can be looked upon in one of two ways, either as a pious expression having no legal effect or as a new, improved, streamlined form of closure. I do not want to indulge in the kind of exaggeration about these matters which I thought was indulged in on this side of the house in the parliament before last, and I intend to try to keep what I have to say completely within reasoned and measured terms. I think all of us who were here recollect what happened in the parliament before last in the session of 1956.

To illustrate what I mean by the objectionable character, from the point of view of proper consideration by the house, of this project and the motion before us, I intend to indicate what conceivably could have happened in that session of parliament if a similar motion had been made. It will be recalled that what we were considering in the session of 1956 was a bill based on a resolution, a bill to implement an agreement made with the Trans-Canada Pipe Line Company and another agreement made with the government of Ontario. The only difference in principle between that situation and this is that there were two agreements instead of one. There was an agreement with this company and also an agreement with the provincial government.

If I apprehended correctly what the Prime Minister suggested when he interrupted me at one point, it seems to me it is the intention of the government once this motion has been accepted to proceed merely by annual estimates. This would have been on all fours with what might have been done in that case. In other words the government of that day in 1956 might have introduced a motion such as this to say it was expedient for the two houses to approve the agreement with the Trans-Canada Pipe Line Company and the agreement with the government of Ontario, and that this house do approve the same. That would have permitted debate on a motion that it is not too easy to amend, so that each hon. member except the mover could speak only once and there could be no opportunity to probe the agreements, to consider the details and to have the questions and answers at all the stages that are necessary in money bills concerning large projects of this character. Then all that would have been required would be the appropriate items in the estimates—I assume there would be more than one item because of there being two agreements instead of one—in order to carry out this project.

I leave to the imagination of hon. members what would have been said if that had been done. I could have brought *Hansard* for the 1956 session into the house today to illustrate the kind of things that would have been said about this method of procedure if it had been adopted by the previous government, what would have been said about this invasion of the rights of parliament, this attempt to bypass the traditional method of appropriating money and the traditional method of carrying on the business of parliament. But I have neither the eloquence, nor at this stage of the session do I think the house has the patience to listen to those arguments at length—

Some hon. Members: Hear, hear.

Mr. Pickersgill: —so I do not intend to attempt to make them at length. All I want to do is say that it seems to me the procedure we are following denies to the opposition and indeed to private members who support the government who may want to probe into this matter a real opportunity to give it the kind of consideration it ought to have.

Mr. Pallett: You have had ample occasion and opportunity.

Mr. Pickersgill: We have the agreement, but it is not a contract with anybody to do the work. It is merely an agreement with the province of Saskatchewan.

Mr. Pallett: That is more than we got on the pipe line.

Mr. Pickersgill: It is merely an agreement with the province of Saskatchewan and nothing more. I admit that my argument would collapse in part at once if the Prime Minister were to get up at any stage and give us an assurance that before this project proceeded beyond the survey stage—which it is easy to understand should be done by items in the estimates, and quite properly—before the point had been reached at which it could not really be stopped, we would have a measure brought in with a message from the crown, as was done in the case of the pipe line and the St. Lawrence seaway and, as far as I can recollect, as has always been done with great national projects of this kind. Then what we would be doing today would be merely giving a kind of approval in principle to this agreement, and that would certainly be a great deal less objectionable; though it would still be objectionable, I submit, because no matter what attitude we may take in the matter it is going to create a false impression on the part of the public. It cannot help but do that.

We on this side of the house, having had the agreement only since August 25, cannot pretend to have scrutinized it with the care it should have had.

Mr. Diefenbaker: Was it not August 1?

Mr. Pallett: Surely it was long before August 25. Was it not July 25?

Mr. Pickersgill: Well, in any event, with the hours we have been sitting in this house and the kind of session we have had, whatever the date and without the capacity—

Mr. Bell (Carleton): That is right, without the capacity.

Mr. Pickersgill: I was using the word "capacity" in the sense in which it is used in the other official language of this country, that is to say without the opportunity of questioning the minister who would be responsible—

Mr. McIlraith: But the government does not want to provide an opportunity for questioning. This is a new form of closure.

Mr. Pallett: Nonsense.

Mr. Pickersgill: What I am saying, Mr. Speaker, and the hon. member for Ottawa West said it better than I can, is that through the government following this procedure of bypassing the ordinary methods used in parliament, we will not have an opportunity to give this measure the kind of consideration parliament ought to give to so important a national project.

Mr. Drysdale: Why not let the hon. member for Ottawa West speak, then?

Mr. Pickersgill: When we vote and however we vote on it, that vote is bound to be construed either as a vote against the project or as a vote in favour of the agreement.

Mr. Drysdale: Then don't vote.

Mr. Pickersgill: That is, of course, a possibility that is open to us. That is a course that has been taken by certain hon. members in this house in times past, but it is one which I must say is rather repugnant to me.

Mr. Pallett: Oh, come, now; you walked out of one the other night.

Mr. Pickersgill: It is a course which I do not think is desirable. What I do say is that this is not the right way to embark upon a great national project of this sort. It does seem to me that since we shall have to make a choice in the circumstances in which we have been placed by the government—and I repeat that I have a great deal of admiration for the skill of the Prime Minister in devising these dilemmas—I do not know whether those slick procedures are precisely the kind of respect for the rights of parliament that the public were led to expect.

Mr. Diefenbaker: May I ask the hon. gentleman a question. Will he tell the house what the government of which he was a member did in respect of the St. Mary's dam, on which up to the present time has been expended some $40 million? What was the course followed?

Mr. Pickersgill: With respect to the St. Mary's dam, as I understand it, an item was put in the estimates—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and it was, of course, a project of a magnitude not in any way comparable with this one. Not only was it not comparable in any way with this one, but I suspect—and I am glad the Prime Minister has reminded me of it, because it does add great force to the argument I am making —that it is precisely because the government has very little confidence in its estimates of cost that it does not bring in a proper measure, with a proper estimate of the whole cost of this project. Everybody knows, of course, that the St. Mary's dam was started at a time when we were—I cannot remember the exact date; I cannot remember whether it was while we had price controls or just after they were lifted, but it was immediately after the war, at a time when the price level was very much lower than it is, unhappily, at the present time. Any estimates of cost at that time, of course, have been greatly exceeded in this project, and I suspect that exactly the same will be true in the case of the South Saskatchewan project.

That seems to me, sir, precisely the best argument for taking the proper course in this matter and giving the house a proper opportunity, under the rules for dealing with money bills, to envisage this whole project because, as I said at the beginning and I repeat, this project is going to cost a great deal of money. Because of its size it is not the kind of project that ought to be carried out merely by annual items in the estimates. Members of parliament should have the opportunity to exercise their judgment about the project as a whole, with all the facts in front of them, and have full opportunity to question the responsible ministers with regard to it. That is the basis of our objection to this method of procedure.

It seems to me, sir, that in the circumstances in which we find ourselves, we are asked to use a procedure which, so far as I can recollect, has been used in the past

for approval of agreements with foreign countries where no expenditures were involved, though no doubt the Prime Minister will have precedents of a different character. Not having had the time or perhaps the assistance to do research that he has had, some of those precedents may conceivably have some superficial resemblance to what we are embarking upon today; but I should be immensely surprised, sir, if at any time the two houses of parliament have been asked to embark upon a great project of this kind, involving a very large expenditure of money, by the use of this particular device.

I do know that there have been instances in the past when there have been agreements with foreign countries where expenditures of moneys were involved and in those instances, as was the case with the treaty of Versailles itself, legislation was introduced. The treaty was not approved by this particular method. Indeed, my recollection is that this method has generally been used for agreements that did not involve expenditure at all, though I do recall one occasion when a motion of this kind was made to approve a trade agreement. I believe that was not proceeded with, and if my recollection serves me right it was not proceeded with precisely because it was represented that it would be a bypassing of the full rights of parliament to discuss the matter in every possible respect. I think that was in 1947 or 1948, about 10 years ago. Again I have not the precise reference at hand.

As I said, we are faced with a real dilemma here. The Leader of the Opposition indicated —and I think it was one of the first statements he made after he became the leader of our party—that he favoured in principle proceeding with this great national project. As the leader of our party he has indicated the support of our party in principle for the project. As I say we are faced with the choice of voting against this motion and thereby having it represented that we are against the project, or voting for it and being told subsequently, "Well, you approved of that agreement; you have no right to criticize it."

It seems to me that as between those two not very attractive choices we can choose only the second. The only course we can take is reluctantly, because of the method being used, to support this motion. But in saying that I speak for myself, and I am sure I speak for most of the other members of my party, though I have not consulted all of them, when I say that we do not feel that in voting for this resolution we are expressing any approval whatsoever of the details of the agreement. I do not feel that we should be asked to approve the details of the agreement without going through the proper parliamentary processes; and we reserve the right, when this matter comes before parliament for the appropriation of money in whatever form it may take, to criticize anything in the agreement that in the light of the practical experience of executing it seems to be deserving of criticism.

Mr. Diefenbaker: You have pretty well boxed the compass, have you not?

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, as one representing a constituency, namely the constituency of Macleod, which has within its bounds the headwaters of the South Saskatchewan river watershed, the headwaters which will supply the South Saskatchewan dam, I think I might be permitted to say a word or two on behalf of those who are living in that area and also in the various other areas which are served by the South Saskatchewan watershed system.

I think we should all take a look at the riparian rights of the different industries and different sections of the country which are fed by that water system. I am greatly in favour of the South Saskatchewan development. But we must regard it as only one development, on the South Saskatchewan watershed. To the west of it lies the city of Lethbridge. I should like to bring to the attention of the house and of the government the serious problem which exists at the city of Lethbridge with respect to water supply for industrialization. I refer particularly to the month of February. The Oldman river which is a tributary of the South Saskatchewan and joins the river at Lethbridge is almost dry in February. Industrial development of that area is contingent upon the continuity of the flow of water and so the development of dams and other structures in the headwaters of the Oldman river is long overdue. This is related to the waters of the South Saskatchewan dam. In other words—

Mr. Speaker: Order. I have not read the agreement, but I doubt if there is anything in it with relation to the damming of the Oldman river.

Mr. Kindt: When I talk about the waters of the South Saskatchewan watershed it is just like talking about the relationships of so many balls in a bowl. When you move one ball all the other balls shift to a new position. If you use water out of the river at Lethbridge you are affecting the continuity of flow of water which will run the turbines and provide irrigation at the South Saskatchewan dam. Therefore when I am

talking about the watershed and the South Saskatchewan dam I am, I hope, talking on the subject.

Mr. Speaker: I cannot accept that proposition from the hon. member for Macleod, and I hope he will confine himself to the motion under consideration.

Mr. Kindt: Thank you, Mr. Speaker. I shall try to do so. Having covered that point, may I say that so far as the South Saskatchewan river dam is concerned, I have heard many arguments that the production which may flow from the farms will disturb the prices of agricultural products. We all know that in the establishment of an irrigation system there is a time lag of six to eight years before the system is brought into operation. There is also a period of some 25 years before the complete shift in production from dry to irrigated farming takes place. In other words the growth of population, the time lag in development and so on will make the situation such that the incidence of production with regard to the agricultural price structure will not be felt to any extent whatsoever. Therefore from an economic point of view I think that problem can be dismissed.

Finally, Mr. Speaker, I wish to compliment the government for undertaking this project, which is the first step in the development of the South Saskatchewan watershed system.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a member representing a British Columbia constituency concerned for many years, about the development of its hydro resources, I rise to express my support for the principle of the resolution. However, like some members of the official opposition, we would have preferred the government to bring the matter before the house in the form of legislation which we could discuss in principle, followed by a discussion of the various clauses of the bill. We would have had the opportunity to ask the Prime Minister questions, which we all enjoy doing, and to deal with the various details of this very interesting and worth-while project.

Regardless of the part of Canada from which we come, I am sure we all recognize that the government's decision in this respect is of benefit to the whole of Canada and of particular benefit to the province of Saskatchewan. There is no question but that it will provide greater stability of income, more security and improved standards of living for the people residing in the area that will be served by the dam.

Personally I am very pleased to see such measures introduced, because they provide for the conservation and development of our natural resources. The government has assisted the maritimes with respect to hydro development. Millions have been spent in the development of hydro resources on the St. Lawrence seaway; and while the hydro development was undertaken by the province of Ontario it was the federal government expenditure that made it possible. Now we have this very fortunate development in Saskatchewan. I hope these developments are segments of a national policy that will mean that the government intends to bring a measure before the house in the very near future providing for the development of hydro resources on the Columbia.

I am trying to keep in order, Mr. Speaker. In view of the conversion of the premier of British Columbia to the principle of protecting Canadian rights on the Columbia, and as a result to the development of the water resources of the Columbia under public ownership in co-operation with the federal government, we all hope that agreement in principle with respect to downstream benefits will soon be arrived at between the governments of Canada and the United States and that we shall see the implementation of the policy of development of hydro resources continued by the commencement of the development of the resources of the Columbia.

If I were to go further, Mr. Speaker, I think I might be out of order. In any event, we are all very pleased to see that this development is being proceeded with, because of the value it will be to the province of Saskatchewan. Once again I say we hope it represents a policy that will be pursued and which will be continued in British Columbia.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, so much has been said over the last number of years with regard to the South Saskatchewan dam that there is very little new that is left to say. But as the elected representative of the constituency of Moose Jaw-Lake Centre I feel I must express to the government the thanks and appreciation of my constituents for the decision to start construction of this great project. I am happy to endorse the remarks of the hon. member for Rosetown-Biggar, whose constituency adjoins Moose Jaw-Lake Centre.

It was an occasion for celebration when the Prime Minister and the Minister of Agriculture signed the agreement respecting the dam in the presence of the other 15 Progressive Conservative members from the province of Saskatchewan, including the Minister of Northern Affairs and National Resources. To mark the occasion the Saskatchewan members had a picture taken as

an historic record of having been part of a government that keeps its promises.

The agreement was signed on July 25. I mention that date to emphasize the speed with which one more promise of the government has been carried out. It was carried out as promptly as possible in spite of provincial politics attempted to be played during the negotiations about the sharing of costs. I am sure that all Canada will commend the government for its quick action to honour a pledge made to the electors. The dam has been too long delayed. In answer to a question I asked on July 2 the Prime Minister stated, as recorded on page 1829 of *Hansard*:

> —climatic conditions in Saskatchewan this year indicate how necessary it was that this dam and irrigation project should have been proceeded with at least six or seven years ago.

This is a statement with which we in Saskatchewan will agree most heartily, especially the livestock farmers who are short of feed this year because of the dry weather during the summer. In his statement on July 2 the Prime Minister also outlined the financial terms of the agreement with the province of Saskatchewan. I do not agree with the charges of the Saskatchewan premier, or the remarks of the hon. member for Assiniboia this morning that the province has been discriminated against as far as the sharing of costs is concerned. I think the terms of the agreement are very generous. They were fully explained by the Prime Minister on page 1829 of *Hansard*, and were outlined by him again this morning.

I shall not attempt to review those terms here, but I repeat that I think they are most generous and most helpful in regard to the construction of the dam. This dam will assure the cities of Moose Jaw and Regina of an adequate supply of water in Buffalo Pound lake for their future domestic and industrial needs. Letters I have received, and I know the Prime Minister has also received similar letters, indicate that Moose Jaw greatly appreciates this help in solving its long-time water problem. I am sure Regina appreciates this help also.

Some constituents of Moose Jaw-Lake Centre will benefit directly from the irrigation canals, and all the province will benefit indirectly from the agricultural and industrial advancement resulting from the dam. For these reasons in particular, and because of the many other benefits that will result in a wider field, I speak for all in Moose Jaw-Lake Centre and commend the government for making this long-time hope in Saskatchewan a reality.

Today we heard in this house what I consider to be indirect Liberal opposition to the construction of this dam. We were hoping, we were almost certain, that the Prime Minister's motion would have received quick and unanimous approval. I still hope that this unanimous approval will be given here today, now that the Liberal delaying amendment has been ruled out of order.

Hon. L. B. Pearson (Leader of the Opposition): I rise to take part in this debate, Mr. Speaker, because of the remarks that have just been made by the hon. member for Moose Jaw-Lake Centre. He said that what we are now witnessing in this house is indirect opposition to this project on the part of the official opposition. What he had expected to see, and what he had hoped to see, was quick and unanimous approval of this resolution. He had hoped to see quick and unanimous approval of this kind of resolution, unprecedented in our parliamentary history, this kind of resolution which would commit us to approval of an agreement for the expenditure of many millions of dollars.

The hon. member who just spoke said that what he had hoped to see was quick and unanimous agreement, without discussion presumably; because debate on this resolution was commenced today about 12 o'clock, so we have been talking about it for a couple of hours. However, even that is too long for the hon. member who just resumed his seat for us to be dealing with a resolution of this importance which entails the expenditure of many millions of dollars and deals with a project of national significance. If we cannot spend a few hours on a resolution of this kind without being accused of obstruction, then the Prime Minister's talk about parliamentary rights and other rights about which we are going to hear a lot during the rest of this week, does not mean very much.

Then the Prime Minister, in an interjection which may or may not be in *Hansard*—he will pardon me for mentioning it, but it was quite clear across here—said that the hon. member for Bonavista-Twillingate, when he sat down after speaking on behalf of our party, had very successfully boxed the compass.

Mr. Diefenbaker: I did not say "successfully".

Mr. Pearson: Well, that he had boxed the compass; I withdraw the word "successfully". The Prime Minister's intervention at that time seems to me to be quite eloquent evidence of what the Prime Minister may have had in mind in submitting this resolution in this unprecedented form. What the hon. member for Bonavista-Twillingate did when he spoke for our party, made it quite clear that we were not going to fall into the trap which had been set by the introduction of this resolution in this form. As he pointed out very clearly, and perhaps it could be repeated, if we carry

our objections—and they are sincere objections—to the form of this resolution to the point where we vote against it, now that our amendment has been ruled out of order, then it will be stated by hon. members opposite—indeed it has already been indicated by the hon. member for Moose Jaw-Lake Centre—that we are opposed to the project itself. If we vote for the resolution we vote for a resolution in a form which we think does deny the right of parliament to discuss it in the approved form which has been followed in the past in matters of this kind.

The St. Lawrence seaway development, the trans-Canada pipe-line development and other projects of national importance involving the expenditure of many millions of dollars were proceeded with by means of a resolution preparatory to the introduction of a bill. There was discussion of the resolution and the bill. It was possible to examine the agreement, if there was a financial agreement, as a basis for the legislation, also it was possible to examine the minister in detail to find out what was in the agreement and why. We have no opportunity to do that on this particular resolution, which is in the form usually followed in connection with agreements between Canada and foreign states. It is in the form of a resolution which asks us merely to approve an agreement; and if we do approve it, and in so far as we are concerned we are going to vote for this resolution—

An hon. Member: Are you?

Mr. Pearson: We are going to vote for it for the reasons I have indicated, because if we vote against it we will be accused of being opposed to the project, and that is exactly the position in which the Prime Minister wished to place us by the introduction of the resolution in this form.

Mr. Diefenbaker: I think the hon. gentleman does not want to ascribe motives. I do not mind the conclusion, but when he says the Prime Minister wished to place him in that position, he knows that that is not right.

Mr. Pearson: I will not ascribe any motive to the Prime Minister; I will withdraw that. I shall describe what will happen as a party. We have already described ourselves as in favour of this project. This was done first of all on February 28 by me, speaking for the party, in Saskatoon, and it has been stated since in the house. We approve of this project as one of national importance. Yet, Mr. Speaker, approving the project as we do, recognizing and appreciating its importance, and with some realization of the expenditure of money involved, we take strong exception to the procedure that is being followed in this resolution, whatever the motives may have been which inspired the government to proceed in this way. We are being asked in this resolution to approve of an agreement, not to approve of a bill which could be discussed in committee and at all its stages. We are not being given an opportunity to question the government in respect of this agreement.

When the Prime Minister rises to close this debate, that will be the last chance we will have to deal with this agreement, certainly in this parliament. If in the future we wish to discuss this matter and the way it is working out, if we take exception to this agreement, if we find some clauses are not as we hoped they would be and that the agreement should be changed, we can and no doubt will be told by the government, "You supported this agreement in the house on Labour day, 1958; what are you complaining about now?"

This is another reason why we object to this kind of procedure. Surely we have the right, now that we the opportunity, to object to this way of proceeding on constitutional grounds. We do not intend in the future to be told that because we have put forward these constitutional objections we are hesitant about the value of this project, or that we attempted to oppose it indirectly, as has already been suggested.

The hon. member for Assiniboia this morning mentioned the position of our party in regard to this matter, and said that he regretted the stand taken by the prime minister of previous years, namely Mr. St. Laurent. I would like to put on record Mr. St. Laurent's last statement on the South Saskatchewan river dam, which was made in answer to a question asked on April 12, 1957, I believe addressed to him by my right hon. friend who is now Prime Minister, and which reads as follows:

> My position is that I have not yet been able to reach the conclusion that it is something which, constructed at this time, would return to the national economy more than it would require from the national economy in interest and amortization charges.

Mr. St. Laurent took this position after careful consideration, and he took it with honesty and with sincerity. Believing as he did in it and because that is the kind of man he was, he stated this position frankly to the House of Commons and did not take refuge in any weasel words that could perhaps have gained him some political support and by which he may have indicated that he was in favour of the project at some time in the future but that he would have to look into it and see whether it could be worked out later and all that kind of thing. He got up in the house and explained that having given it the consideration which he felt it

should be given, he could not convince himself that at that time it would return to the national economy more than it would require from the national economy.

It is no secret that during those years when this matter was under consideration by the previous government the former minister of agriculture did support the project and did his very best to convince his colleagues that they should also support it. There will be no person in Canada who will more rejoice in the initiation and completion of the project than Mr. Gardiner himself. It is also no secret, because I have mentioned it on more than one occasion, that this party under its present leadership did take a different position in this matter from that taken by the party under its previous leadership. I myself and my colleagues came to the conclusion last February that this is something which should be proceeded with in the national interest. While perhaps on the strict ground of economic returns in the years 1958, 1959 or even 1960 it will not be justified in the light of the money that will have to be spent, there are, nevertheless, considerations other than economic returns. There are intangible and psychological benefits and, adding up all these things, we felt that this was a project which should be supported and so we do support it.

Having said that, I return to our difficulties over the procedure adopted in this matter because we are not being given an opportunity during this session to examine the government in detail in respect of the agreement on which this project is based. It is true that the agreement was tabled many weeks ago—I forget the exact date—by the Minister of Agriculture.

Mr. Harkness: August 1.

Mr. Pearson: Perhaps the house does not remember, however, that when the agreement was tabled in this house, without prior notification—and I am not complaining about that—it was done on the last day of the minister's estimates, so we did not have an opportunity even in connection with the Department of Agriculture estimates to examine the minister in respect of this particular agreement at this particular session. If it had been tabled a week before we would have had that opportunity; if the estimates had been held over for a week we would have had that opportunity. But in fact we have not had that opportunity, and are now being asked to support this kind of resolution in order to give a blank cheque to the government in respect of the carrying out of an agreement upon which we have not had a chance to examine the government in detail. Surely that gives us the right to complain about the procedure adopted in this very important matter—

Some hon. Members: Hear, hear.

Mr. Pearson: —a procedure which not only violates precedents but also violates parliamentary traditions and parliamentary rights. Therefore, while we support this resolution because we have no alternative but to support it, since we are in favour of this project, we nevertheless reserve our right to bring up this constitutional question again. We also reserve our position in regard to criticisms which we may advance in the future with respect to the detailed working out of this agreement. We have not been given that chance now, but we will certainly take advantage of any opportunity in the future.

I know what the Prime Minister is going to say when he gets up. He is going to say, "You will have ample opportunity to discuss this matter on the estimates next year or the year after that. There will be ample opportunity for the opposition to discuss this agreement; there will be ample opportunity to discuss all these things on the estimates." If that is the case, then what was the purpose of bringing forward this resolution in this form at the present time? What purpose does it serve; what constitutional purpose or what discussion purpose does it serve, when we cannot examine the government in respect of the agreement on which the resolution is based? It is quite true that we may have an opportunity in the future of discussing the agreement on the estimates. If that is the case then perhaps the Prime Minister will explain why, in these closing days of the session, he has brought forward a resolution in this form which does, as I have said and as I now repeat, violate parliamentary traditions; which asks us to support an agreement involving the expenditure of many millions of dollars, and which is in a form as I believe, having regard to all the circumstances, unprecedented in our parliamentary history.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I know you will be relieved when I say I am going to deal with the South Saskatchewan river dam rather than with the constitutional issue which at this time has been dragged in. I shall leave discussion of that issue to others who may speak later.

I would like to place on record at this time some of the efforts made for many years and by many people on behalf of this great project. It was mentioned earlier in the debate today that some Indians on the bank of the South Saskatchewan river had first mentioned

the idea, and that was a good story with which to start a speech; but I would like to place on record an official document submitted to the legislative council of Canada in 1859 by Henry Youle Hind, M. A., professor of chemistry and geology at Trinity College, University of Toronto, who was sent out in the year 1858 to explore the Assiniboine and Saskatchewan river systems on behalf of the government of Canada of the time. I promised myself many years ago that the work of this man of exactly 100 years ago should one day be remembered and now it is acted upon by this government.

I am going to read sections from paragraphs 16, 17 and 18. Firstly, in speaking of the South Saskatchewan river paragraph 16 reads as follows:

> A dam, 85 feet high, and 600 to 800 yards long (a few miles lower down the length of the dam would be much less) across the deep narrow valley in which the south branch flows, below where the Qu'Appelle valley joins it, would send its waters down the Qu'Appelle valley, thence down the Assiniboine past Fort Garry, and thus establish a splendid and probably uninterrupted navigation, for steamers of large size, for a distance exceeding 600 miles.

He was thinking 100 years ago of this dam as a means of communication across the whole prairies for 600 miles. Then in paragraph 18 he speaks of the possibility of flooding the towns along the Assiniboine, such as Portage la Prairie, Brandon and Winnipeg, and he speaks of the Assiniboine and the peculiarities of the valley as follows:

> Here the river glides in an excavated trench about 16 feet below the prairie, but in times of very high floods it sends water across the prairie, down the broad, shallow valley of Rat Rivulet, into lake Manitoba. Rat Rivulet rises in the Bad Woods, west of Prairie Portage, within two or three miles of the Assiniboine; and the ridge which divides it from the river is an imperceptible rise in the prairie which the eye can scarcely detect.
>
> A shallow cut through the gentle rise separating the Assiniboine from Rat Rivulet would permit all flood waters to flow into lake Manitoba, and protect the settlements on Red river from any danger of being flooded.

And now, 100 years later, a report is being handed to this government concerning lake Manitoba and lake Winnipeg recommending the same cut to save these cities from being flooded. At this time I think it is well to give credit to those who so long ago saw the possibilities of diverting and damming the waters of the Saskatchewan river system.

In more recent times one thinks of such men as John R. MacNicol, a member for one of the Toronto ridings—I believe it was Danforth—who made known to newspaper editors in eastern Canada the possibilities of water control and diversion on the South Saskatchewan. In one year, out of his own pocket, he spent $37,000 on the services of engineers and surveyors who examined this proposition, and it turned out that the figures he supplied agreed almost exactly with the conclusions reached after the expenditure of many millions of dollars under P.F.R.A. in examining the same proposition.

Then, turning to those here today, credit has been given very briefly to the work of the Prime Minister in speaking across Canada and particularly in the west on behalf of the dam. In addition, his speeches here in this house, his questions and his motions, probably did more than anything else to convince the people of western Canada that here was a man who was pledged to this project and who never quibbled or used weasel words about its economic future. For that reason many of us from the west joined forces behind the Prime Minister and recognized in him the person best able to lead those forces across Canada, a man who was thinking in terms of national development rather than in terms of stagnation and allowing things to drift. I think at this time that as one of the younger men in the west who rallied behind the Prime Minister and struggled for the achievement of this project I should like to pay a tribute to him on behalf of all those people who looked to him as their champion.

The house may not even be aware of it today, but when the hon. member for Rosetown-Biggar made, I believe, his maiden speech, he was speaking with a record of service toward this project hardly equalled by anyone. He is at present vice president of the Saskatchewan river development association and over the long, difficult years he went about his part of Saskatchewan calling meetings of farmers, municipal boards, boards of trade and so on advocating the building of this dam. When I think of all the hours of driving and the hours of hard work which have been done by the hon. member for Rosetown-Biggar, I wish he was here at this time to hear what I am saying.

Along with others—the hon. member for Moose Jaw-Lake Centre (Mr. Pascoe), the hon. member for Saskatoon (Mr. Jones), the hon. member for Regina City (Mr. More), the hon. member for Rosthern (Mr. Nasserden) for example—many of us have helped in this work and there were others, too, of all political affiliations who did their best to let Canada know that this scheme was in the national interest.

I do not intend to deal at any great length with the benefits the dam will bring, because they have been discussed so many times over so many years by so many people. However, I should like to emphasize just one benefit which I do not think has been fully realized.

South Saskatchewan River Project

This dam is not just for the irrigation of farm lands; it is not just for the development of power. It will have many uses.

This new dam will give us in western Canada a chance to bring in industry. With the discovery of natural gas in the last five years we have now, for the first time, an opportunity to bring in the petrochemical industry which requires large amounts of water for cooling purposes. This is a benefit which is just as important as any other benefit which this scheme provides. Speaking solely on this question of industry, the matter of the surplus of power over the needs of pumping is something which has not been appreciated by many who have been great supporters of the project. I think they have failed to recognize the full significance of this development to the three prairie provinces, and I am taking the liberty of reading a quotation from the royal commission report at page 188 where reference is made to this aspect which has been almost forgotten. The report says:

> There are five potential power sites which would benefit from this regulation. Two 75-foot head sites exist between Saskatoon and the junction of the North and South Saskatchewan rivers, and two 120-foot and one 50-foot head plants on the Saskatchewan river below the Forks. They are:
>
> | | foot head |
> |---|---|
> | Batoche | 75 |
> | Coxby | 75 |
> | Fort a la Corne | 120 |
> | Nipawin | 120 |
> | Squaw | 50 |
>
> The Fort a la Corne site has been studied in detail by the Saskatchewan Power Corporation. With an installed capacity of 125,000 h.p. this plant would be capable of producing 598,400,000 kilowatt hours of energy annually. This regulation provided by the reservoir will increase the annual output by nearly 100,000,000 kilowatt hours.
>
> Studies have not been made of the other sites mentioned. However, the potential of these sites would be increased to a degree proportionate to that indicated for the Fort a la Corne site.

That should really be Squaw Creek.

In other words, one of the great benefits of the dam at Coteau creek is that it will not only produce 325 million kilowatts annually for the distribution system of the Saskatchewan Power Corporation in this locality, but that it will increase the potential of five downstream power dams. This is a point which has been forgotten, and I hope the province of Saskatchewan will visualize that it will be one of the great assets produced by this joint operation between the provincial and the federal governments.

I should like to make a passing reference to the benefits to the tourist trade. With this lake a new body of water some 135 miles will come into being. It will give us 475 miles of new shoreline. Sixty-nine per cent of the population of Saskatchewan will live within 150 miles of this large body of water, and it will be available to them for recreational use. I should like to remind the house that in the United States where they keep extensive records of visits to national parks, national forests and recreation areas, it has been found that every year more people visit reclamation projects similar to this than visit their national forests or their national parks. This will give to Saskatchewan, one of the dry areas of the world, its first opportunity to have a large lake area right in the heart of the settled portion of the province.

The next subject I should like to mention is one which has been discussed already at some length in this debate, the frank admission on the part of the hon. member for Villeneuve this morning that this dam is now in the national interest. This is a phenomena which those of us from Saskatchewan and the three prairie provinces generally will recognize as a revolution of outstanding importance.

The previous prime minister was praised on many occasions because he was intellectually honest. He was opposed to the dam and he said so. Immediately upon the election of a new leader of the Liberal party there was a change of opinion. In February we heard that the party was in favour. What was not in the national interest a few months before suddenly became in the national interest. I wondered as I listened today how the front benches of the official opposition were going to handle the situation. I wondered, after all the years of stonewalling and delay, what they were going to do and how they could explain their conversion to acceptance of this important scheme. When I heard the amendment moved by the hon. member for Villeneuve (Mr. Dumas) and seconded by the hon. member for Welland (Mr. McMillan) I thought, that is their approach; they will let the backbenchers carry the blame for the conversion and the front benchers will keep quiet. But the hon. member for Bonavista-Twillingate (Mr. Pickersgill) spoiled my analysis of the situation. He felt he had to enter the debate and when he came up with the ingenious proposition of a constitutional principle I saw how he could stand up and claim that he was still fighting a good rearguard action for those opposed to the dam.

I do not know who opposed the former minister of agriculture in the cabinet but since it has been mentioned here by the Leader of the Opposition (Mr. Pearson) that the former minister of agriculture was in favour of the dam I can only assume there must have been some one in the cabinet of the previous administration opposed to it. I could not help but contrast the attitude of the

previous government with the attitude of the present administration. Here we have a government thinking and working only toward having this old political football brought to a happy conclusion. In spite of some provocation and obstruction this government has moved forward and signed an agreement. The agreement was tabled August 1 in this house. And then suddenly, as a smokescreen, we have had this type of diversion on the part of hon. gentlemen opposite. As I look at this thing it leads me to believe this is either an effort to fight a delaying action on the bill—

Mr. Pearson: There is no bill.

Mr. Pickersgill: Where is the bill?

Mr. McIlraith: Mr. Speaker, I wonder if the minister would permit a question. I would ask him where is the bill on this subject about which he now speaks?

Mr. Pearson: That is what we are asking for.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, we are not interested in small-time diversions. We are interested only in the diversion of this water for useful purposes.

I am just going to put it bluntly to those in the front benches of the official opposition. When you speak about a man who is not used to using weasel words, think of the other connotation we can put on that expression.

Since these national benefits are now accepted by the official opposition it is interesting to point out to hon. gentlemen opposite that we are the only ones who have accepted this proposition on the basis of the report of the royal commission. I take it they have now repudiated the royal commission's report and its findings.

There has been some suggestion that the cost would be the same figure they show here. I assume they have repudiated the recommendations of this commission and therefore I can now go on and speak about the other argument that has been put forward in this house and in western Canada dealing with the question of the cost of this project to my province of Saskatchewan. I believe I can do it best by asking hon. members to make a simple comparison.

The federal government over the next eight years will have to put up $75 million cash plus some additional amount of say $11 million or $12 million by way of a loan, making a total of $87 million. On an annual basis this averages out to approximately $11 million per year. The provincial government during this same eight-year period will be putting up $12 million cash for the dam. It will be paying half of the $25 million which is its share in the form of a loan from us which it will have to pay back. The power will cost between $24 million and $35 million. I may tell the house there is no exact figure yet. The province's share of the penstocks will come to about $6 million but its share of the irrigation under a term the provincial government itself has asked for will be only approximately $8 million over the next eight years. And if you add up all these amounts including the full amount of the loan it comes to approximately $73 million or so. Over an eight-year period it will be an average of approximately $9 million. That is what the provincial government of Saskatchewan will be asked to put up each year. It will pay $9 million as opposed to the $11 million paid by the federal government.

Let us put the provincial payment of $9 million into perspective. I presume some of the money will be spent by the Saskatchewan power commission. I refer to the $24 million to $35 million. This year in Saskatchewan the commission is planning to borrow and spend $60 million for expansion of electrical and gas services for the province of Saskatchewan for one year alone. An additional $9 million a year for all irrigation and power expenses combined is a small figure compared with what is spent each year for the usual development and expansion of electrical and gas utilities in that province. This point should be kept in mind.

There has been some discussion about this government being discriminatory against Saskatchewan because last year the federal government made money available to provinces in the maritimes for power development under two bills, one relating to the Beechwood project and the other relating to the Atlantic Provinces Power Development Act. I should like to draw a comparison here. The sum of $30 million was advanced with respect to the Beechwood project over an eight-year period and has to be paid back. The government will also advance periodically as the need arises money for thermal power plants and transmission lines. The money will be loaned on a 30-year and 40-year basis and will have to be paid back.

We are also trying to help the coal industry. We believe the money thus spent will be of great assistance in maintaining this industry at a level of production that will keep the industry going until long range plans are brought into effect. I should like to point out that all the money advanced to the maritime provinces either for the Beechwood project or thermal power has to be paid back and in addition we have asked the maritime provinces to concentrate the advantages of all this financial assistance into the provision of cheaper industrial power.

Those are the key things to remember about the maritimes side of the deal.

It is true that in Saskatchewan we are only advancing one-half of the provincial share of the dam on a 20-year basis. That was a concession not given to them in any previous agreement by any government and we have extended this concession. Where in the maritimes deal is there approximately $75 million being given without it being paid back? I believe that is the answer to that point of view.

In concluding I wish to mention that the hon. member for Villeneuve referred to page 90 of the report of the royal commission where it is recommended there should be a single administrative authority over the waters of the entire Canadian west and I believe the hon. member for Macleod (Mr. Kindt) was working around to the same suggestion. I should like to point out that this report was given to the government in 1952. I can find nothing in the records to indicate that that particular recommendation or suggestion in the report was ever acted upon. This government came into power just a little over a year ago, and already we have made great steps forward in getting plans ready for the conservation conference to deal with this matter of water resources and their use all across the country. We are moving forward with this type of program.

Over the years many of us have recognized the great necessity of considering our country, not on the basis of narrow provincial boundaries but on the basis of all the provinces working together to help each other. We have had at least two examples to my knowledge in the last little while of provinces working together and getting more power cheaper because they did work together. It is true that this recommendation in the royal commission report is a long range solution to the whole problem of dealing with the resources of western Canada. Eventually, it will have to be looked at as a regional problem and it will take some time to get it into operation; but I think the effective answer is that we are in action on this very fundamental thing.

I have spoken on this resolution with some feeling because I think back now to the many long hours of work and the many long drives that some of us have had trying to make the farmers and the business people of western Canada realize that the only way we can get out of our difficulties in western Canada, where we are so dependent on the ups and downs of prices and of crops, is to do something to conserve this water moving through to the sea without being used. As I look back over the years and think of all those who were with us I realize that to us this is truly a great agreement, and I hope that it will be remembered for many years.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the remarks of the Minister of Northern Affairs and National Resources (Mr. Hamilton) make it necessary for me to speak on this resolution. His main point and main complaint seem to be that the political strategy one member had contemplated for this measure did not work and he supported his remarks with a complaint about the constitutional question being dragged in. "Dragged in" were his own words. If he has any doubt about why they were dragged in I think we ought to clarify it. I think it is apparent from his remarks that he did not understand the situation at all.

The resolution before us reads:

> That it is expedient that the houses of parliament approve the agreement between the government of Canada and the government of Saskatchewan respecting the South Saskatchewan river project, signed on the 25th day of July, 1958, and that this house do approve the same.

This resolution, if approved, concludes the matter. What is usual in this type of subject matter and this type of question is a resolution reading like this:

> That it is expedient to introduce a measure to approve the agreement between the government of Canada and the government of Saskatchewan respecting the South Saskatchewan river project, signed on the 25th day of July, 1958.

The latter, and the correct procedure, would give all hon. members an opportunity to question the ministry in committee of the whole house on two occasions, namely at the resolution stage and again at the committee stage of the bill. I wish to ask the Minister of Northern Affairs and National Resources what is it that he does not want to be questioned about when he takes the extraordinary procedure of introducing this resolution. What is it about this project that he does not want discussed? What information is he not willing to give or is not able to give? Why this extraordinary procedure? I point out to him that in the latter part of his remarks he gave information as to the financial implications flowing from the agreement, but he did that after the house had been debating this measure for some time. He did not put himself in the position where we could ask him where he got an estimate for one figure he gave, or where he got the estimate for the other, or to ask him to produce the data on which he based those figures, and that sort of thing.

When he used the term "historical perspective" in relation to the fine document he quoted from, which was produced some 100 years ago, I ask him why he does not apply

that terminology to the constitution and to the practices in this House of Commons? Why does he not use the same historical perspective and have some respect for the traditions of this House of Commons?

He went on to talk about the Prime Minister never quibbling or using weasel words in relation to this great project. Well, that is fine. No one accused the Prime Minister (Mr. Diefenbaker) of using any weasel words at all in relation to this project, at least none that I heard, and I certainly have no intention of accusing him of any such thing. I have no such feeling; but what put that thought in the mind of the Minister of Northern Affairs and National Resources? What did he mean when he talked about the other connotation of that expression? When he came back to the expression "quibbling, or using weasel words", I thought of one of the meanings that he ought to have given it. Did he apply it to the remarks or to the action? Some of us have some regard for the action taken in these things. What was the motive he was seeking to answer in making the kind of argument he did?

He used other language in describing the right of any opposition member to speak about this great new project now to be undertaken. He used the term "smokescreen" because Liberal members in speaking on the subject are seeking to raise a question that is an important one affecting the rights of this parliament. Then a little later on he referred to it as small-time diversion. They are not small; they are very important and very basic. I want to remind him—

Mr. Hamilton (Qu'Appelle): I am sure the hon. member would not mind a correction. The term "small-time diversion" was in regard to the use of the word "bill".

Mr. McIlraith: Well, that is my whole point, Mr. Speaker. He regards the right to have this measure brought properly before parliament and the house resolved into committee of the whole at the resolution stage and again at the bill stage so that we can ask questions as a small-time diversion. In other words, the government now no longer is to answer any questions of members of parliament.

Mr. Harkness: Nonsense.

Mr. McIlraith: It is not nonsense. You were one who had a part in the decision and you must accept your share of the responsibility for the method of bringing this measure before parliament.

Mr. Harkness: I do.

Mr. McIlraith: Then, you will answer for it and it will not be to me. You will answer for it in the ordinary way in due course to the Canadian voters.

I also wish to point out that the Minister of Northern Affairs and National Resources referred to this thing as a political football. After that he went on to talk about some development measures in this country. I was very glad to hear him talk about the development measures in this country. I would point out to the minister that at the present time less national development is going on in Canada than at any time since the conclusion of the second great war. I would also point out that this great measure—and I am glad to see it going forward and moving ahead—is now coming forward at a time when we are just completing the great pipe line for bringing gas from western Canada to central Canada, one of the greatest engineering projects in this field in the world. That was brought forward just after that great national project, the St. Lawrence seaway, probably one of the outstanding development projects in the world. To use the minister's own words, he should at least use a bit of historical perspective in considering these matters.

I know that hon. members are anxious to get forward with the business of the house and I have no quarrel with them for being somewhat impatient at this stage of the session. It is a feeling I sometimes share myself and I cannot quarrel with anyone for it. But I think it should be pointed out to hon. members supporting the government on this measure that the practice being followed today is closure with a vengeance, the like of which has never been seen in the Canadian parliament.

Some hon. Members: Oh, oh.

Mr. Grafftey: Nonsense.

Mr. McIlraith: I want to point out that this method of proceeding with respect to this measure, which I know has interested so many hon. members so much, particularly those from the west, and which they are so impatient to get ahead with, is really legislation by concealment, concealment of the facts that we are entiled to elicit from the minister in committee of the whole.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, this is a resolution to approve an agreement whereby federal financial assistance will be granted to the government of Saskatchewan to develop a project which will provide both hydro power and water for irrigation in that province. Our leader has already indicated our support for the principle of the resolution and there is no

need for me to elaborate on that point. Coming from a province which has a considerable hydroelectric power potential, it would be natural for me to support a principle of this kind.

Before I go further, I should like to correct a statement made by the Minister of Northern Affairs and National Resources (Mr. Hamilton) a few minutes ago. With reference to the former prime minister of Canada, Right Hon. Louis St. Laurent, he said that he was a man of great intellectual integrity and that he was opposed to this project and had said so. I have been here since 1949 and have heard the project discussed on numerous occasions. I do not think anyone can find anywhere in the record any words spoken by the former prime minister indicating that he was opposed to the project. On numerous occasions he said that he was in favour of it, that is was a desirable thing to do, but he pointed out that we were engaged in the other developments mentioned by the hon. member for Ottawa West (Mr. McIlraith) such as the St. Lawrence seaway, Trans-Canada Air Lines and the pipe line and that this project would have to compete with other projects of that kind. What the former prime minister did say was that he was convinced at that time that the returns to the national economy from the South Saskatchewan project would not be commensurate with the drain upon the national economy through interest, amortization and other fixed charges.

My main purpose in intervening in the debate is to re-echo the hope expressed by the hon. member for Kootenay West (Mr. Herridge) that this resolution will mark another step forward towards the development of a national policy respecting the development of water resources. In my own riding at Bay D'Espoir there is a potential of half a million horsepower and the development of that waterpower would transform the whole economy of my riding which at the present time must depend upon the fisheries, the only other resource available. Not only would it transform the economy of my riding but no other single project could contribute as much to the improvement of the economy of our province. Therefore I urge the Prime Minister (Mr. Diefenbaker) to consider the development of a national policy whereby the same assistance as will be granted Saskatchewan under the resolution may be made available to all provinces along the lines indicated by the principle of the resolution.

Mr. Harkness: Mr. Speaker—

[Mr. Carter.]

Mr. Speaker: I must inform the house that if the hon. Minister of Agriculture speaks now he will close the debate. Perhaps I should say that that is my interpretation of rule 37. The house will recall that the Prime Minister opened the debate by moving the motion on behalf of the Minister of Agriculture. On that account I consider that is the effect of the rule.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to address myself for a moment to a procedural problem which I do not seem to be able to reconcile with the present situation. We are asked to approve by resolution the agreement between the government of Canada and the government of Saskatchewan. It is a *fait accompli*. The agreement has been completed and signed. I think we are just going through the motions pure and simple without being able to have any effect on it. If this were a resolution that it was expedient to introduce a measure to approve a proposed agreement I could see that parliament would then have something to debate. We would then be in the position of the government planning to sign an agreement with the government of Saskatchewan and asking parliament to approve a resolution that it was expedient to present a bill and so on. But from my standpoint we are simply faced now with something that is already accomplished. I find it difficult to reconcile this resolution with other resolutions that have come before the house in the terms referred to by the hon. member for Ottawa West (Mr. McIlraith), namely that it is expedient to present a measure to do so and so and so and so. Somehow or other we are avoiding something. I cannot put my finger on it but to me this just does not seem to add up.

If the government had come before parliament, said that they planned to enter into an agreement with the province of Saskatchewan to do this and asked for permission to introduce a bill to that effect, I could understand that procedure because it would be regular. Some hon. members who have spoken before me have said that this is a novel procedure. If it is novel we should tread very cautiously. For example, last week we adopted a measure to build a bridge. We did it by a bill. If we are to follow this procedure it could have been done just as easily by introducing a resolution to this effect, be it resolved that a bridge be built between this place and that place. We would then have done it by resolution without requiring a bill. It is that sort of legislation that puzzles me. I think the Prime Minister interjected, when one hon. member was speaking, that this is not novel procedure

and does not set a new precedent. I would be grateful if he would point out to the house when legislation of this kind, and of this importance, was proceeded with in this way.

I am somewhat of a novice in the house—

Mr. Speaker: Order; the hon. member is verging really on a point of order. This resolution is before the house quite regularly and he need not feel concerned on that account. It is quite in order, so the matter of it not being properly before parliament does not arise.

Mr. Crestohl: I bow to your decision; you are quite right.

Mr. Speaker: Order. I have entertained a good deal of comment as being relevant concerning how this might have been done otherwise, but the line which the hon. member has been following, it seems to me, verges on being a criticism of the procedure of the house. Actually, what we are doing is quite in order.

Mr. Crestohl: I accept Your Honour's decision. Nevertheless I would appreciate if the Prime Minister would point out to the house a precedent for this.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker—

Mr. Speaker: I do not think I need to repeat the caution which I gave before that if the minister speaks now he will close the debate. I would have taken the same view if the Prime Minister (Mr. Diefenbaker) had spoken now, because he would then be speaking twice in the same debate and the only means by which that could be justified would be that he was again speaking for the Minister of Agriculture (Mr. Harkness).

Mr. Harkness: In so far as this resolution is concerned, the opposition have attempted to raise a constitutional issue where no constitutional issue whatever exists. This is a good example of the paucity of issues upon which they can attack the government when they try to build up a completely imaginary case. Actually, the situation in regard to matters of this kind, I think, can be stated fairly briefly. There are really three ways in which a matter of this kind can be handled. We could have had an item in the estimates, and you get legislative authority as a result of the passage of the item in the estimates. I shall come back to that method later, but that is what the previous government did on a few occasions.

Mr. McIlraith: That is not true.

Mr. Harkness: I shall come back to this later and demonstrate that it is true.

The second way in which it could have been handled is the way in which it is being done in this case, by a resolution introduced in the house to approve the agreement, and that is done in conjunction with an estimate to provide the money.

The third way in which the thing could be handled would be by the passage of a bill through the house. This is the way in which the members of the opposition say the matter should be handled, and that to do it any other way is unconstitutional and so forth.

Mr. Crestohl: I rise on a point of order. You have ruled, Mr. Speaker, that the constitutional question does not arise and that the resolution is properly before the house. I see no reason for the minister having to defend that position.

Mr. Speaker: Just to make it clear, I did not take any exception to the constitutional argument concerning the preferable way of doing these things, the only point I made with the hon. member was that this present motion is one regular way of doing it.

Mr. Harkness: The purpose of the resolution, Mr. Speaker, is to afford to parliament an opportunity of debating and passing judgment upon the action taken by the government in entering into this agreement with the province of Saskatchewan. As I have indicated, this could be done in different ways. There could have been a bill passed and a statute enacted expressly approving the agreement and appropriating at the same time all the contributions to be made by the government of Canada in respect of the project. Under those circumstances, parliament would have but one opportunity of dealing with the matter, and that is all. They would have been "all washed up" in connection with it. The money would have been appropriated for years and years to come by that bill. This, of course, was the method which was followed by the former government in a few cases, and the trans-Canada highway is one example.

In this case, parliament will be asked to provide the necessary funds in the ordinary way by an annual appropriation. This method was followed on the grounds that appropriations made on an annual basis as funds are required will be more realistic than a lump sum appropriation in advance of the whole project. Furthermore, of course, parliament is given the opportunity of reviewing the work annually as it progresses, whereas if we had acted in the way hon. gentlemen opposite have asked, that is by the passage of a bill, that opportunity would not be there. We would deal with the whole thing at this time, and years from now as the work was being carried on there would be

no appropriation in the estimates and parliament would not have an opportunity of examining the project.

Mr. McIlraith: I wonder if the hon. minister would permit a question for clarification, two questions really. In so far as the first and third methods he outlined are concerned, namely with a resolution and a bill, I take it he would admit two things. First, that the bill may or may not provide for all the expenditures in connection with the measure, that is that the bill could provide for some of the expenditures to start the project and there might be further moneys appropriated by estimates. Would he admit that? Second, would he agree that either the first method he suggested or the third method would give members of parliament an opportunity to question the minister and that the second method, the one presently being followed, is the only method that precludes hon. members from questioning the minister at this stage.

Mr. Harkness: These questions, Mr. Speaker, demonstrate the fact that for the 15 years or 20 years he has been here the hon. member has not done his homework and does not know how these things are done, as I have pointed out to him on a few past occasions. If a bill were to provide for the entire cost of this project, and this is what the previous government has done on a number of occasions, then parliament would have no opportunity to question the minister about it afterwards. The procedure that we have followed, contrary to what hon. members opposite have said to the effect that it is a method of bypassing parliament or, as the hon. member for Bonavista-Twillingate (Mr. Pickersgill) said, bypassing the usual procedures of parliament and attempting to use slick procedures, attempting to use a type of closure—

Mr. Pearson: Will the minister permit a question?

Mr. Harkness: When I have completed this portion. These statements are all complete nonsense. As a matter of fact, the procedure which hon. gentlemen opposite have requested would afford far less opportunity for a review by parliament than the procedure which we have followed. Under this procedure every year when these estimates come before the house the house will have a full opportunity of asking all the questions they want to ask of the minister or of the government in connection with the project as it proceeds. The procedure that they have requested would mean that such an examination would not take place. Once the bill had been passed, the thing would be finished, and there would be no more questioning of the government in connection with it. This method, which hon. gentlemen opposite have said bypasses the usual procedure of parliament, provides for full parliamentary control, much more so than the procedure followed by the previous government in so far as some construction projects were concerned.

Mr. Pearson: My question is this. Will the minister inform us what opportunity we will have to discuss this agreement before we are asked to approve of it?

Mr. Harkness: They have had all day today to discuss it; they have had a full opportunity to discuss it and could have asked any questions that they wanted to ask.

Mr. McIlraith: Oh, oh.

Mr. Harkness: As a matter of fact, the only hon. member who did that was the hon. member for Villeneuve (Mr. Dumas). I have a list of those questions which I took from the blue sheets, as unfortunately I was not able to be here this morning, and I propose to answer them. The hon. member for Bonavista-Twillingate and the hon. member for Ottawa West (Mr. McIlraith) did not really want any more information about this project, what they wanted to do was to raise an imaginary issue.

Some hon. Members: Hear, hear.

Mr. McIlraith: We want a great deal of information.

Mr. Harkness: The Leader of the Opposition (Mr. Pearson) said it was an unprecedented type of resolution, the sort of thing which had never been done before. That is quite incorrect and, he very well knows, in practically all cases where Canada makes an agreement with other countries no change is necessary in the law.

Mr. Pickersgill: Is Saskatchewan another country?

Mr. Harkness: It is exactly the same thing here, and all that is done is that a resolution is put through the house, exactly the same as in this case, for parliament to approve of the agreement.

Mr. Pearson: When we have to spend $100 million? It has never been done.

Mr. Crestohl: Since when was Saskatchewan another country?

Mr. Harkness: The Leader of the Opposition went on to say that his party was not going to fall into the trap set by this legislation. There is no trap in this legislation; there was never any thought of a trap in

this legislation. Those ideas dwell only in the dark recesses of his own mind, which seems to produce these suspicions without the slightest difficulty.

Mr. Hamilton (Qu'Appelle): Guilty conscience.

Mr. Harkness: And then he went on to say, "If we vote against it on constitutional grounds we will be said to be against the project." Mr. Speaker, I can well understand the sensitiveness of the Leader of the Opposition and of the other members of the former Liberal government in regard to this matter, for they were in power for 22 years, during which period they could have put this into effect, but they refused to enter into an agreement with Saskatchewan during those 22 years.

Mr. McIlraith: Would the minister permit a question?

Mr. Harkness: The answer is no.

Mr. Pickersgill: No questions; I thought you said we could ask questions.

Mr. Harkness: I refuse to have the hon. member for Ottawa West take up my time with pointless and witless questions.

Mr. Pickersgill: The rights of parliament!

Mr. Harkness: As I was saying, I can understand the sensitiveness of hon. members opposite with respect to the South Saskatchewan dam. They refused for 22 years when they were in power to enter into an agreement or to go ahead and build this dam. Now they come in here and they talk about weasel words. What weasel words were used by them during that period, and what weasel words are being used by them now, when they come here and talk about how the former minister of agriculture was in favour of this project. And he was, but they nowhere point out that he completely failed to persuade other members of the Liberal government to go ahead with the project.

Today they are trying to ride on the coat tails of the former minister of agriculture in regard to their approval of this project and are trying to have the general public forget that for 22 years they said, "No, the project is not economic and we will not build it."

Mr. Crestohl: There was a war on during that time.

Mr. Harkness: There was no war from 1945 on, and surely those 13 years were quite long enough to initiate the project.

An hon. Member: There was an adjustment period after the war.

Mr. Harkness: The Leader of the Opposition went into quite a to-do about the disregard of parliament, and I think I have already dealt with this matter—there is no disregard for parliament whatsoever. I would like to point out that in so far as all projects of this nature are concerned the previous government to which he belonged never submitted them to parliament at all except in the form of an estimate.

Mr. Pearson: Not true.

Mr. Harkness: I have in my hand a list of all the major projects of an irrigation nature, the building of dams and so on, which were built by the previous government.

Mr. Pearson: Under authorized legislation.

Mr. Harkness: The St. Mary's dam and irrigation system and the Bow river irrigation project.

Mr. McIlraith: Under the Prairie Farm Rehabilitation Act—why do you mislead the house?

Mr. Harkness: These two projects were really—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Harkness: These two projects, and they are all really the integrated irrigation system in the southern part of Alberta, came to $46 million, and how did the former government deal with that matter?

Mr. Pearson: Under legislation.

Mr. McIlraith: Under legislation in this parliament in the usual way.

Mr. Harkness: The only way in which they dealt with those matters was by means of items in the estimates year after year. There was never any bill submitted to the house nor was there any agreement such as we have put forward in connection with this matter. They signed agreements with the government of Alberta, but they did not submit those agreements to parliament for approval. All they did was to put an item in the estimates, and as I said to begin with, legally and constitutionally that is quite correct. That is one of the ways in which such things can be dealt with, and I outlined three ways in which they can be dealt with. That is one of them, but it does not give as much opportunity to parliament to deal with the matter as the procedure which we have followed. As a matter of fact we are using that procedure plus a procedure of submitting the agreement, as we have today, for parliament to express its approval or disapproval.

Mr. McIlraith: Without giving parliament a chance to discuss it.

Mr. Harkness: In other words, this constitutional problem that they have attempted to raise is complete nonsense, it amounts to nothing whatever. I have a whole list of these irrigation projects, dams and so on, which the former government authorized, and in not one case did they pass a bill and in not one case did they submit an agreement to parliament.

Mr. Pearson: It was all done under bills.

Mr. Harkness: No, in not one case did they ever submit an agreement to parliament nor did they submit a bill to parliament.

Mr. Pearson: They were all authorized by bills.

Mr. Harkness: I think that blows sky high the allegation of the Leader of the Opposition that there was disregard for parliament, and it shows how hollow an argument it is and how hard up for ideas he is when he raises it.

The hon. member for Ottawa West made no contribution to this debate, but he did make one statement which I think I should immediately refute. He was speaking of the Minister of Northern Affairs and National Resources (Mr. Hamilton) and he said, "What is it that you do not want to discuss in regard to this project, what are you trying to hide?"

What he was attempting to do in that statement was to insinuate something to lead the people of this country to believe that we have something to hide here, that there is something we do not want to bring out.

Mr. Pickersgill: Probably another secret report.

Mr. Harkness: A completely unworthy and reprehensible piece of conduct on the part of the member for Ottawa West. We have absolutely nothing to hide.

Mr. McIlraith: Perhaps then the minister would allow a few questions of the government.

Mr. Harkness: As a matter of fact, the opposition will have the next several years, in fact the next six or eight years if some of them are still here, which is very doubtful, in which to question us about this matter, and about this project as it proceeds—

Mr. Pearson: After the agreement is final.

Mr. Harkness: —or anything else along that line.

Mr. McIlraith: Maybe the new Minister of Agriculture will be prepared to answer our questions.

Mr. Harkness: Hon. members opposite will have all the opportunity they wish to discuss the matter in any manner they desire. But these members are trying to insinuate that we have something to hide, and I do not think that is very good business on their part. I am rather surprised to find the hon. member for Ottawa West stooping to that sort of thing.

Mr. Pearson: Then why did you not follow the normal procedure?

Mr. Harkness: The hon. member for Cartier (Mr. Crestohl) said that we were placing before the house something that was already in effect accomplished, so what was the use of bringing this forward now? Well, the use is this—it provides an opportunity for parliament to discuss this agreement which has been made and, of course, if parliament does not approve of it, then it provides an opportunity for them to throw out the government. It is the same in connection with every bill introduced in this house by the government—if the majority of members do not approve of the bill they can defeat the government, and we did the same thing as far as this resolution is concerned.

Mr. Crestohl: Would the minister permit a question? Would the minister not say that expecting the approval of the resolution means taking parliament for granted?

Mr. Harkness: No. It is not taking parliament for granted. We know that the resolution is an extremely good one and that it will commend itself to the house. In fact, the hon. gentlemen opposite have said they are going to vote for it. They approve of it.

Mr. Pickersgill: That is exactly what we said you would say.

Mr. Harkness: The hon. gentlemen in the corner are going to vote for it, everybody is going to vote for it.

Mr. Pearson: That is why you put it in this way.

Mr. McIlraith: That is why you used the closure method of putting this measure through.

Mr. Pearson: That is where the trap is.

Mr. McIlraith: We now have had the trap explained by the Minister of Agriculture (Mr. Harkness).

Mr. Harkness: As was indicated by the Minister of Northern Affairs and National Resources, the hon. gentlemen opposite, having refused to build this dam for 22 years, are now trying to cover that up and to get into people's minds that they were not really opposed to it, although they nevertheless failed to build it.

There were a few comments made by the hon. member for Assiniboia (Mr. Argue) about which I should like to say something:

"The main dam is to be turned over to the province for operation. Saskatchewan would have preferred that the operation of this dam be assumed by the federal government in perpetuity. This is another responsibility that the Saskatchewan government has been asked to assume." Then the hon. member goes on to complain about the amount the Saskatchewan government may have to pay, and so on. What he is doing, apparently, is parrotting some of the remarks which have been attributed in press statements to Premier Douglas, to the Saskatchewan minister of agriculture, and so on. Here is a clipping from the Saskatoon *Star-Phœnix* in which Premier Douglas is reported as having said:

> In the course of negotiations Ottawa has insisted that Saskatchewan should assume responsibility for operating and maintaining the dam when it is completed. We are, therefore, seeking some assurance that Saskatchewan and its citizens will be safeguarded against financial loss in the unlikely event of a failure in the dam following its construction.

What the hon. member for Assiniboia has said today amounts to just the same thing. This statement is absolutely incorrect. The original agreement which we offered to the province of Saskatchewan provided that we would operate and maintain the dam in perpetuity in the same way as we operate and maintain the St. Mary's river dam in Alberta, and the agreement went forward on that basis. There was never any question about that. But the premier of Saskatchewan thought they should take over the operation of the dam. It was their request; they asked to take over the operation. We did not ask them to do it. They asked us and we agreed to it. At the same time, though they wanted to take over the operation they wanted us to be responsible for the maintenance. I pointed out the difficult situation which would result if one government was responsible for maintaining the dam and another for operating it. Difficulties between the two bodies would constantly be arising and it just would not make a reasonable undertaking. Premier Douglas agreed with this point of view, and he agreed to take over both the operation and the maintenance of the dam. Other aspects of the agreement were modified in consequence.

Then, after the whole thing was done and sent to be signed—after we had made a lot of concessions in the light of what had been agreed to—Saskatchewan made a demand that we should assume both the operation and the maintenance of the dam. It just was not a reasonable proposition. And if there is any question of the operation and maintenance being in the hands of Saskatchewan it is because the premier of Saskatchewan asked for it himself, not because we tried to force it upon the province. So much for that point.

A little further on, the hon. member said—

Mr. Argue: On a point of order, Mr. Speaker, I wonder what document the Minister of Agriculture is quoting from. I can tell him I do not mind if he continues quoting, but I know that we on this side, when we have the same document in our hands as I believe he has, have been asked not to quote from the document because it is not an official record. I think it is not within the rules of the house that the minister should quote—

Mr. Harkness: These are the blue sheets which I borrowed from the press gallery.

Mr. Argue: That is exactly my point of order. I am not objecting, myself, as long as the same rule applies in the future to all hon. members. However, my understanding is that it is against the rule to quote from the document the minister is quoting from.

Mr. Pearson: It certainly is.

Mr. Speaker: The point is a novel one for me. In my experience I have never asked anyone to refrain from quoting from these documents and rather than commit myself to a ruling now I should like to see what the practice has been in the past. I understand the hon. member has no objections to the quotations.

Mr. Argue: No, but I do think that if this practice is one that is to be followed it is one which makes the *Hansard* record of little value, if this is to be taken as the official reproduction. But I have no objection now, in view of the statement which has been made, to the minister quoting from the unofficial document.

Mr. Harkness: If there is any question about this I will not use it at all. I will forget it. I thought the hon. gentleman would be happy to have me quoting him but apparently he objects.

Mr. Argue: No, that is not the point. I am perfectly happy for the minister to keep on quoting, but I raise the point of order because if quotations are going to be read in this way we would like to have the same privilege at future sittings of this house.

Mr. Speaker: Then I understand the matter is resolved without a decision at this time.

Mr. Harkness: The hon. member went on to say that we had been very hard on Saskatchewan, that we have laid greater and

greater burdens on them and that we were asking them to bear an undue share of the cost.

As a matter of fact I think our treatment of Saskatchewan in connection with this agreement was extremely generous. The original agreement which was submitted to the province of Saskatchewan was an agreement which had been drawn up by the Right Hon. Mr. Gardiner, the former minister of agriculture. It had been submitted to the province of Saskatchewan and they had agreed to accept it. Mr. Gardiner brought it back here, but the Liberal government refused to sign it. However, the government of Saskatchewan had agreed to accept that agreement which was drawn up, apparently, between the former minister of agriculture and themselves.

We offered them that agreement over a year ago. Had they accepted it, as they had accepted it formerly, construction could have started a year ago instead of starting right now. Their action delayed construction, because they would not agree to this agreement which they had said previously they would accept. They wanted concessions. We made a large number of concessions. We gave them a much better deal than they had been offered by the Right Hon. James Gardiner, though, I might add, he had no authority to offer it. We offered them a much better deal, finally. Thus, why there should be complaints of this kind on the part of the hon. member for Assiniboia, or on the part of anybody in the C.C.F. government in Saskatchewan, I find it difficult to understand. They have had extremely generous terms as far as this government is concerned. In fact, I have seen some editorials in some eastern newspapers to the effect that the terms have been too generous rather than the reverse.

Mr. Pickersgill: Have you read the Winnipeg *Tribune*?

Mr. Argue: Could I ask the minister a question at this point?

Mr. Harkness: No. My time is getting short, but should I have any time left later I would be glad to deal with any questions that might arise.

The hon. member for Villeneuve in dealing with the matter posed a considerable number of questions. He complained that this had been done by resolution. I have already dealt with that point. And then he wanted to know whether or not we were satisfied with the estimate of the cost, and so forth. I can only say that I personally, as the minister responsible, am quite satisfied with the estimated cost. The hon. member knows as well as I do that an estimate made now with regard to a project which is not going to be completed for six or eight years may not prove to be correct because if prices go down the cost will be less, and if prices rise the cost will be more. I would point out there is an item included which provides for a gradual rise in prices.

Mr. Pickersgill: Would the minister draw that to the attention of the hon. member for Rosedale (Mr. Walker)?

Mr. Harkness: If the hon. member who has just spoken had been devoting more attention to these things when he was in the government he might still have been there, and the same applies to his colleagues. Now to return to the estimated cost, I am satisfied that this estimate is a good estimate. As a matter of fact, three of the greatest experts on earth-filled dams in the world have been consulted in connection with this matter. They have been consultants to this project for several years past. I think the estimate is a good estimate. I am not predicting that it is going to cost exactly that amount because no one knows what will happen in the next eight years with regard to prices going up or down.

The next point the hon. member wanted covered was when does the government intend to begin this work and the answer is that it has already begun. Tenders for the first piece of work in connection with the construction of an access road 12 miles in length from a main highway near Loreburn to the damsite were put out immediately after the agreement was signed. I believe tenders closed on August 18 and I expect to be able to announce the awarding of the contract almost immediately.

Tenders have also been put out or are in process of being put out for construction of the campsite. A tender will also be put out for another access road. This does not involve the building of a road but calls for putting a gravel surface on a municipal road which already exists, to give access to the north to highway No. 15 which runs east and west, north of the dam.

Another contract to be let very shortly is for the preparation of the aggregate which will be needed to go into the dam. Another contract will be for the building of a work bridge required for construction purposes. All these will be called for this fall and work will be started on them. Another is the excavation—

Mr. Pickersgill: Mr. Speaker, would the hon. member permit a question?

Mr. Harkness: —where the abutment of the dam will go in on the eastern side of the structure. That will involve the movement

of over four million cubic yards of earth. All these contracts will be let this fall.

Mr. Pickersgill: Mr. Speaker, would the minister permit a question?

Mr. Harkness: Just a minute until I finish answering these questions. I cannot answer three at once. When I have answered the questions asked by the hon. member for Villeneuve I will be glad to answer yours.

Mr. Pickersgill: All right.

Mr. Harkness: The next question was in connection with the function of the construction board. That is set out in detail on page 15 of the agreement. I do not think I had better take the time to go over what the functions of the construction board will be. That board will consist of four members appointed by the federal government and three members appointed by the provincial government. Generally speaking the function of the board will be to exercise a sort of general supervision over this work as it proceeds during the time the dam is under construction, and particularly it is to serve as a body through which any difficulties which may arise between the federal government on one hand and the provincial government on the other hand can be ironed out and decided upon.

The next question related to the time in which the work is to be completed. The estimates in connection with this question vary between six and ten years. These estimates have been made by various people. Most people who are qualified to judge think the dam will be completed in a period ranging between six and eight years. No precise estimate of the time can be given because that will depend to a considerable extent on the amount of flooding which comes down the river each year as the work is in progress. If there is a particularly high level of water it will hold back construction for a considerable length of time each year. As I say, because the speed of construction is going to depend on the weather and also, of course, on the difficulties that may be encountered, no more precise estimate of the time of construction can be given than six to eight years.

The hon. member for Villeneuve also raised a question about whether there would be one large contract for this dam. I believe he expressed the idea that a considerable number of people were of the opinion that that is what should be done. Is that not correct?

Mr. Dumas: That is correct.

Mr. Harkness: We are following exactly the reverse procedure. We think it is very much wiser on a project of this nature to let smaller contracts for two reasons. First of all it gives many more contractors an opportunity to tender and therefore you get more competition, more bids and lower prices. There will be the various contracts I have mentioned that will be let this fall. There will be six separate contracts and I suppose six different people will get them. In addition to that if you let one large contract for the whole project most of the work would be subcontracted anyway by the large contractor and it is impossible for a contractor to give a firm price on something which is not going to be completed for eight years. The only sort of price they will give is one which has an escalator clause in it. We considered it very much wiser to have small contracts. As I say, it gives a greater opportunity for smaller Canadian contractors if it is let through a series of contracts as the work progresses at a time when contractors are in a position to know definitely the prices for which they are prepared to do the work. Also if you let it in one large contract there is only a limited number of people in this country who would be able to undertake it and if there were only one large contract it would be more likely that the contract would be secured by someone in another country. For all those reasons we considered it much wiser to let it in a series of smaller contracts.

I believe I have covered most of the points that were raised. I have not gone into the many values of this project.

Mr. Pickersgill: I believe the minister said he would answer a question of mine, Mr. Speaker.

Mr. Harkness: I will. As I was saying, I have not discussed in detail the many values of this project because they were ably covered by the Prime Minister in his statement earlier today and in statements he has made at various other times over the years. The values of this project were also capably covered in the remarks of the Minister of Northern Affairs and National Resources, those of the hon. member for Rosetown-Biggar (Mr. Cooper) and those of other hon. members who have spoken.

Mr. Winch: I would like to call you as a witness before the committee on public accounts.

Mr. Harkness: I therefore did not think it necessary for me to go into the many values of this project.

Mr. Winch: Mr. Speaker, may I be permitted to make a comment to the minister. In view of what you just said, I would like to call you as a witness before the committee on public accounts.

South Saskatchewan River Project

Mr. Harkness: Mr. Speaker, I believe one or two hon. members had some questions and I will be glad to answer them at this time.

Mr. Pickersgill: Mr. Speaker, my question is a very simple one.

Mr. Baskin: It would have to be simple coming from you.

Mr. Pickersgill: I should like to ask the Minister of Agriculture (Mr. Harkness) if before the government decided on this policy of calling a number of small contracts he consulted his colleague the Minister of Public Works (Mr. Green)? My reason for asking that question is that we have been told repeatedly in another place that this is a most unbusinesslike way of proceeding.

Mr. Harkness: Mr. Speaker, I have outlined the reasons why we considered it wiser to let a number of smaller contracts. As I said, if we were to let it to one large contractor he would let the work to a number of small subcontractors and take off his percentage of the profit. In a project of this kind you have all kinds of different types of contracts. I have already mentioned six contracts to be let this fall, each of which is different. One is for a road to be built; one for a road to be resurfaced; one is for the preparation of aggregate which means cleaning and washing of gravel and so forth; one is for the construction of a bridge; and one is for an excavation job. They are altogether different types of contracts.

Mr. Pickersgill: I have one more question, Mr. Speaker. Has the minister by any chance read the evidence of Mr. Cormier because he gave exactly the same reasons in the public accounts committee.

Mr. Winch: Mr. Speaker, I did not want to interrupt the minister but in view of his statement about the advantages of letting a number of small contracts I wanted to invite him to appear as a witness before the public accounts committee because hon. members of the Conservative party have been damning the previous government because it let individual contracts and not one general contract, and over eight years, too.

Mr. Harkness: Mr. Speaker, the reason they are raising complaints about it is that it was spread over eight years and should have been done in two years. In this case we know it is going to take six or eight years and are governing ourselves accordingly.

Mr. Benidickson: It will probably take 16 years, then.

[Mr. Winch.]

Mr. Deschatelets: Mr. Speaker, I wish to direct a question to the minister. Is this project in his opinion a project of national importance—

An hon. Member: Where have you been?

Mr. Deschatelets: —and, if so, why is the federal government forcing the province of Saskatchewan to pay $25 million?

Mr. Harkness: Yes, in my opinion it is very definitely a matter of national importance, and one which the hon. gentleman's previous leader and party apparently could not understand was one of national importance. I am glad to see that they are now coming around to see that it is. Certainly, we have always taken that point of view and we are proceeding on that basis.

Mr. Deschatelets: Why should we force the province of Saskatchewan to pay $25 million? That is the second part of my question.

Mr. Harkness: Mr. Speaker, the reason for that is very simple. The project is of national importance. There is no question about that. But the greatest benefit is going to go to Saskatchewan and the people of Saskatchewan and therefore it seems reasonable that they should pay some proportion of the cost.

Many things are done under the Department of Agriculture in the way of constructing dams, drainage works, and so on, which are the concern of a province or, in some cases, the municipality and they are asked to bear a proportion of the share of the cost. That has been done on numerous occasions under the previous government ever since this type of work has been carried on by the dominion government.

Mr. Speaker: The minister's time has now expired and it is my duty to put the question. Further questions cannot be put except by unanimous consent.

Some hon. Members: Question.

Mr. Pearson: That is the end of it.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the motion will please say nay. I declare the motion carried with no voice to the contrary.

And more than five hon. members having risen:

Mr. Speaker: I am sorry; I had already declared the motion carried but members may have been standing before.

Mr. Winch: It is carried unanimously and everybody knows it.

Mr. McDonald (Hamilton South): You boys do it every time.

Mr. Argue: When we do it we do it at the right time.

Mr. Diefenbaker: Your Honour did act pretty fast. There is a desire for a vote and I see no reason why it should be denied.

Mr. Speaker: Call in the members.

Mr. Pickersgill: It seems to me that this motion was passed and the business completed. Is it competent to the house to open again a question that has been settled at that session?

Mr. Speaker: I declared the motion carried. I left the door open by saying I may not have seen the members who had risen before. If there were members standing at that time I certainly do not want to deprive any members of their right to have a recorded vote and therefore I shall ask the members to be called in.

The house divided on the motion (Mr. Diefenbaker, for Mr. Harkness) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Argue
Badanai
Balcer
Barrington
Baskin
Batten
Bell (Carleton)
Bell (Saint John-Albert)
Benidickson
Bigg
Bourget
Bourque
Brassard (Lapointe)
Brooks
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Cardiff
Cardin
Caron
Carter
Chambers
Charlton
Chevrier
Chown
Churchill
Cooper
Courtemanche
Crestohl
Crouse
Danforth
Denis
Deschambault
Deschatelets
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dumas
Dupuis
Fairfield
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forgie
Fulton
Gour
Grafftey
Green
Grenier
Habel
Hamilton (Qu'Appelle)
Hanbidge
Hardie
Harkness
Hees
Henderson
Herridge
Houck
Jung
Keays
Kennedy
Lambert
Lennard
Lockyer
Macdonnell
MacEwan
MacLean (Queens)
McCleave
McDonald (Hamilton South)
McGee
McGregor
McIlraith
McIntosh
McMillan
McPhillips
Martel
Milligan
Monteith (Perth)
Morissette
Morris
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Nowlan
Nugent
O'Hurley
Pallett
Pascoe
Pearkes
Pearson
Peters
Phillips
Pickersgill
Pigeon
Pratt
Rapp
Regnier
Richard (Ottawa East)
Rogers
Rompre
Rouleau
Smith (Calgary South)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Stewart
Tasse
Thrasher
Tremblay
Tucker
Villeneuve
Walker
Webster
White
Winch
Winkler
Woolliams
Wratten—129.

NAYS

Nil

RAILWAY ACT

AMENDMENTS RESPECTING GRADE CROSSING FUND

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider Bill No. C-52, to amend the Railway Act.

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

On Clause 1—*Limit of amount to be applied.*

Mr. Chevrier: Has the minister a statement to make?

Mr. Hees: No, Mr. Chairman. I made a statement at the resolution stage and a short statement on second reading of the bill. The bill has received thorough consideration in the committee on railways, canals and telegraph lines. I think that just about all that needs to be said about it has been said.

Mr. Chevrier: The main object of the bill is to place $5 million at the disposal of the grade crossing fund and also to increase the amount that can be paid out of the grade crossing fund from 60 per cent to 80 per cent. However, if one looks at the bill the accent seems to be placed on the reflective markings that are to be put on the sides of railway cars and all through the first section of the bill that seems to be the most important part, which deals with an amendment to section 265 of the act. I should like to ask the minister why the bill has been framed in this fashion?

Mr. Hees: I believe that probably the hon. member for Laurier felt when he was minister it is sometimes difficult to understand exactly

why those who draw up these bills do so in the way that they do. However, when he reads the bill I think he will agree that the provisions are all outlined in it. I think it is all very clear once you have read through the three clauses.

Mr. Chevrier: I wish I could agree with that.

Mr. Hees: I hope he will agree with me.

Mr. Peters: I should like to say that we hoped for a great deal more than appears to be in the bill. Certainly we are very appreciative of the fact that the minister seems to have attached a great deal of importance to this matter of reflective markings on box cars. We believe there are a number of other things that should have been done along this line and which should have been put in this bill. I think that at the resolution stage we mentioned such things as increasing the effectiveness of the horns which are now used on diesel trains by changing them so that they would be similar to the sound of a steam whistle.

During the last few days I noticed while driving in rural areas that many of the railway crossing signs are still those that were originally erected many years ago. They are right at the railway crossing and have no reflective markings of any type on them, many of them have not even been painted for some time. I think, in the near future, consideration must be given to the speed with which people approach railway crossings today as compared with the speed at which they approached those crossings when the original signs were erected. A great deal more emphasis must be put upon the markings on railway crossings, and this includes block signals and crossings at which houses are built right up to the edge of the crossing so that a person approaching is given little opportunity to see if a train is coming. There is a great deal more that should be done in this field.

Then, of course, there is much work that could be done in the field of eliminating railway crossings altogether. I think this is a very important matter. I think we can safely say that before this Labour day week end is over, which some people in the country are enjoying, tragedy will strike at level crossings and the occupants of automobiles will be seriously hurt. I do not think we can treat this matter of the improvement of railway crossings too lightly. We hope the marking of cars will be extended to include engines. A great deal more money must be put into this fund so that we can bring all the crossings up to date. I am sure that the minister, because of the consideration he has given to this subject, will also take these other things into consideration and we hope that they will be included in a bill to be introduced soon.

Mr. Herridge: Before this clause carries I should like to say that I am pleased to see provision is made for putting reflectors on box cars. I want to ask the minister a question because I know that with his encyclopaedic mind on transport matters he will be able to answer it. Why, in view of the experience and value of reflectors in many other ways for the protection of human life and safety, has it taken the government so long to come to the conclusion it is worthwhile to assist in the placing of reflectors on box cars? Could the minister inform the house how much it costs to put reflectors on box cars?

Mr. Hees: Yes, Mr. Chairman, I am advised that the estimated cost is in the vicinity of $15 per car and that at the present time there are 198,100 box cars in operation in Canada.

Mr. Chevrier: I take it that the balance of the 40 per cent is payable by the railway?

Mr. Hees: No, Mr. Chairman, in future the government will pay 80 per cent of the cost.

Mr. Chevrier: No, it is 60 per cent for reflectors on box cars, out of the grade crossing fund, I take it?

Mr. Hees: If you read on, Mr. Chairman, into paragraph 4—as I say, I agree with the hon. member for Laurier that sometimes these things have to be done in a rather complicated way—in line 20 you find this:

> The total amount that may be applied toward the cost of placing reflective markings on the sides of railway cars shall not exceed 80 per cent of such cost,—

Then, it goes on to deal with another matter.

Mr. Chevrier: How do you reconcile that with the first part of paragraph 2 which says that the total amount that may be applied toward the cost of placing reflective markings on the sides of railway cars shall not exceed 60 per cent of such cost?

Mr. Hees: Clause 2 applies to a statute which is a permanent statute. Clause 4 will apply for the next three years and I assume for a lot longer than that. I quite agree with the hon. member that this has perhaps been stated in a complicated way and all I can say is that I believe as hon. members read through the bill it all will become clear by the time they reach the end.

Mr. Chevrier: Clear as mud. May I come back to my first question—who pays the 20 per cent?

Mr. Hees: The railway pays the 20 per cent, Mr. Chairman.

Mr. Peters: Is there going to be any compulsion upon the railways to complete this work?

Mr. Hees: The board of transport commissioners hopes to reach an agreement in this regard.

Mr. Peters: Could the minister inform us how long he anticipates it will take to complete such an agreement or to complete the work?

Mr. Hees: The meeting is scheduled for October, Mr. Chairman.

Mr. Chevrier: Is it not a fact that the moment this bill goes into effect and application is made to the board, then it applies, and whether the railway agrees or not the 80 per cent for the three years must come out of the railway grade crossing fund and that the railway pays the other 20 per cent?

Mr. Hees: I am advised that the meeting which will be held in October is to work out the mechanics of how it will be done, but that the principle is in effect once this bill is passed by parliament.

Mr. Argue: Perhaps this is in the bill, although I have not had a chance to examine it in detail. Could the minister explain the intent here? Surely there is some period of time over which the agreement will operate. What is the objective of the government in connection with the date when all box cars will have these markings placed upon them—is it three years, five years, ten years or one year?

Mr. Hees: This arrangement will last three years, starting January 31 of this year, and I think certainly that when we approach January 31, 1961 this matter will again receive very serious consideration, and I have no doubt it will then be either continued or improved.

Mr. Chevrier: Could I put it this way, that perhaps the minister expects that during the three-year period while this will be in force the railways might be prevailed upon to mark all their box cars with these reflective markings?

Mr. Hees: That is correct, Mr. Chairman.

Mr. Herridge: Would the minister inform the house what colour these reflectors are going to be?

Mr. Chevrier: Oh, red, of course.

Mr. Hees: The exact colour has not yet been worked out, but that will be done—

Mr. Bourget: I presume it will be red on one side and blue on the other.

Mr. Hees: I am sure it will be something of the nature which is most easily seen by cars at night.

Mr. Peters: Will the same type of thing apply to the signs referred to in subsection 270 of the act, which refers to sign boards? I suppose that means the cross arms which they now use on the railway. Is any consideration being given to moving those particular sign boards back from the railway crossings? They are now about 8 or 10 feet from railway crossings, and at the modern rate of speed of automobiles you are probably well past the railway crossing before you register what the sign said.

Mr. Hees: I am advised that any sign outside of the railway right of way is under the jurisdiction of the municipality and not of the railway.

Clause agreed to.

Clauses 2 and 3 agreed to.

Bill reported, read the third time and passed.

FINANCE

MOTION TO APPROVE EXPENDITURES AUTHORIZED BY SPECIAL WARRANTS

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-57, for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, of the financial year ended the 31st March, 1958.

Mr. Benidickson: Has the minister any additional comments to make?

Mr. Fleming (Eglinton): Mr. Chairman, I doubt if there is anything I might usefully add to what I endeavoured to say on the resolution stage preceding the introduction of the present measure. The resolution was before the committee of the whole on August 19 and August 20, when I had an opportunity to make certain comments by way of explanation of the report on supply and the effect of the present bill. The debate is reported at page 3808 of *Hansard* for August 19 and at page 3822 and following pages of August 20. By this report on supply we have, I believe, fulfilled the undertaking given to this house on the opening of the present session and have fully accounted for the three governor general's warrants included in the approving provisions of the bill now before the house.

I pointed out at page 3809 of *Hansard* for August 19 that the house is being asked to approve of supply which was released, whether in the form of appropriations made

by parliament or by governor general's warrants. The house is not being asked to approve actual expenditure as such. The actual expenditure will be duly reported and, after audit by the Auditor General and included in the public accounts for the fiscal year 1957-58.

I have drawn attention to eleven items which are contained in the fourth column of the report on supply and which aggregated $110,042,595, and fully explained the purpose of those items, which are of a transfer or legislative character.

Mr. Benidickson: I fully realize that in what we hope will be the last week of the sittings of this particular session of parliament, when a member rises there is always a little consternation in some sections of the house and there is perhaps among some members the feeling that a debate of this kind is being unduly prolonged. It is true that in the bill we are considering here we are dealing with the bringing forth for debate, after a denial of the right, of certain governor general's warrants which were passed in the fiscal year 1957-58. Speaking as I do on one side of what might be called a no man's land ditch consisting of a big group of surplus Conservative members on my left, I realize their feelings but I must point out to them that they too often give unqualified, uncritical and, I think, all too generous support to the proposals of the administration. So it is the duty of the opposition, however small, to draw certain matters to the attention of the house. I wish to indicate to some of these new members just why debate is sometimes prolonged, and why I feel obliged to say something on this matter at the present time. Many hon. members are in the house today who were not in the house during the previous parliament—

Mr. Pallett: And many hon. members are not here today who were in the previous parliament.

Mr. Benidickson: The Minister of Finance had certain comments to make on this bill about some economies he had introduced as a result of a few months of office. I just want to say to the new members that sometimes debate would not be so prolonged if some of the ministers introducing bills would stick to the facts and not engage in overmuch boasting or what I call peacocking about. Very quickly after assuming office the Minister of Finance gave a press interview on June 26, 1957, indicating there would be vast reductions in expenditure and economies as a result of the elimination of extravagances which he expected to find. And probably, in deference to that very widely publicized statement which was made in June, the minister felt obliged in December, when he was making a financial statement, to make certain assertions to the house which I suggest do not hold water. Then the other day when he introduced a resolution preceding this bill he did the same thing and I suggest to hon. members that that is why there is an obligation on those of us who do not accept such assertions in an unqualified way to make some remarks at this time.

On December 6, 1957, the Minister of Finance in his financial statement which was sometimes called the baby budget but which was in fact a discussion of the first item of the estimates of the finance department of that year, felt obliged to stick out his chest and assert that the new administration was providing economies to the extent of some $170 million. We know that $100 million of that had reference to two provisions which had been cautiously put into the budget for the year by his predecessor with respect to sums which will eventually have to be paid. If these are eliminated from the accounts of last year there is nobody who studies the accounts of this country who does not know that both those items of $50 million each will eventually be a charge on the taxpayers —it was simply a matter of whether the expenditure would be deferred until another year or whether it would be taken in the accounts of the fiscal year which the hon. minister's predecessor proposed. One was an allowance against the reserve for assets and the other was a $50 million appropriation for a deficiency which actuaries tell us is in the superannuation account and must be made up sometime.

The minister indicated, of course, that beyond this there were some other things which he took great pride in claiming as economies and as savings due to the elimination of waste as a result of the change of administation. Again, not being too anxious to get legislation of this kind through in the present session when we had our first reference to governor general's warrants and appropriations for supply, in the new parliament on May 13 the Minister of Finance said he had succeeded in reducing the amount of the estimates which had been drawn up—he was referring to last year, the year we are discussing now—and tabled by the previous government that by efforts—I emphasize efforts—in the various departments of government the sum of $73.6 million had been eliminated.

It is bold, unjustified and boastful assertions of that kind which demand a reply. I have checked, and I find it is not unusual to have in almost every year what are known as lapses. The public accounts of 1956-57 which were tabled this session indicate that

the lapsing—the items that have been put earlier into the book of estimates but which at the end of the year were not fully spent—amounted to $86 million or 3 per cent. In the previous year 1955-56 lapsing amounted to $136 million or 4 per cent. I may say that none of these items have any reference to such items as appear in the document we will be studying more closely in a few minutes entitled "Loans investment and working capital advances". In the year before that, 1954-55 lapsing amounted to $359 million or 11 per cent, and in 1953-54 lapsing amounted to $309 million or 9½ per cent. So I do not want new members to take seriously some of these assertions in introducing a measure of this kind such as I think the Minister of Finance is a little too prone to make. He is introducing a financial statement and I think we would make better progress if it was divorced from provocative political assertions which I think after examination do not bear much examination.

Similarly, when we discuss warrants and general business administration under appropriation bills we find it necessary to return to another assertion which, I say, was completely, political and unjustified, namely, the assertion by the Prime Minister in the course of the election campaign when he took a lot of figures together which totalled, I think, $1,185 millions. He referred to these as being public works items which would help to deal with the employment situation. Two hundred and eighty million dollars of this amount, he said, would be spent in the last quarter of the last fiscal year ending on March 31, 1957 and the impression was given to the public that this was something unique, something wonderful and different by reason of the right hon. gentleman's administration. We are dealing this afternoon with the appropriations which were recommended under the governor general's warrant including the last quarter of the last fiscal year, because parliament was not then sitting and instead of there being any increase in the category of public works and work-creating measures there were actually, in several categories, reductions under governor general's warrants as compared with the proposals which were introduced by the previous administration.

I might say in passing that this business of lapsing is a fairly normal one and when one looks at the time table of the preparation of government business and estimates one can readily understand how that would come about. The estimates are for the fiscal year commencing in April and they are normally examined by the treasury board and finally approved before Christmas in order that the blue book of estimates for the new year commencing April 1 which we all receive shortly after parliament opens can be printed. One therefore recognizes that when the Minister of Finance in December 1957 made reference to certain economies against the background of the book of estimates prepared by his predecessor he was referring to estimates which had been prepared a year earlier. Consequently one can understand that there would be certain changes of plans and that within three months of the conclusion of the fiscal year every department of government could probably foresee, either some delay in getting plans or materials ready or the postponement and in some cases the abandonment of projects which it had seemed desirable to put in hand 12 months earlier. That is actually what we are dealing with now, but when I challenged the minister with it on August 20 when we were dealing with the resolution which proceeded the introduction of this bill, I obtained no reply.

One can look at the column in the bill which refers to things that the minister has always asserted were economies and savings. I asked him very definitely how much of this actually represented the cancellation of programs and the elimination of plans and how much was really in fact a simple deferment of the things we would be called upon to revote and doubtless in the current fiscal year. Perhaps the minister will recall some of the illustrations I gave him. Since that debate on August 20 we have had several references in this house to some of the larger items of this $73 million so called savings item.

We had a statement the other day from the ministry pointing out that they take pride in the fact that there was a step-up in sales of wheat and flour as a result of our contributions under the Colombo plan. I pointed out that the saving of ten million on the appropriation of last year would doubtless be picked up in the current year. We examined the Minister of Transport (Mr. Hees) with respect to maritime freight rates on Saturday and where there was a claim for an economy there we found it was a statutory item. I asked the Minister of Veterans Affairs (Mr. Brooks) whether or not the Minister of Finance (Mr. Fleming) had gone to him and asked him to scrimp a little bit with respect to disability pensions and veterans allowances. I could tell from the smile on the face of the Minister of Veterans Affairs and knowing him as I do that no economy was attempted in that sphere as claimed.

But nonetheless items of this kind are all part and parcel of this $73 million that has been presented to the people as savings and economies as a result of a change of administration. I say that interestingly enough they

compare with the lapsing and normal procedure that concludes the final accounting of every fiscal year of which I have given an illustration for four or five years.

The biggest item of the $73-odd million, of course, refers to the Department of National Defence. Here there is a claim of a saving of some $32 million. Again I have looked to the relationship between the maximum amount voted by parliament in previous years and the amount that might be expended by that department when the final accounts for the year are completed. In 1956-57 which is the last year which the Auditor General has reported upon to this house I found there was a lapsing in National Defence Department of $15,990,000. The previous year 1955-56 there was an underspending, shall I call it, of some $25 million and in the year before 1954-55 the underspending was no less than $242 million.

On December 5 in the last session I tried, I thought fairly valiantly, as did Mr. Henderson the former hon. member for Kingston, to get some breakdown in detail with respect to the savings that were represented in this item of $32 million. We were not very successful in our attempt. In a broad way we received some information from the Minister of National Defence (Mr. Pearkes) which appears on page 1903 of *Hansard*. I will not repeat that in too much detail but it refers to such an economy as the transfer of the ship Labrador from his department to the Department of Transport. It also refers to the cancellation of further production with respect to the CF-100 aircraft. I have no doubt that probably any administration examining an item that had been decided upon one year earlier with respect to something as volatile as decisions in the aircraft business would probably have reached that decision.

There was also some boasting about savings in travelling expenses of the troops. We have had a very extensive study of the defence department expenditures in the estimates committee and we found that there is to be a savings this year with respect to transportation but when we probed as to the reason we found that this is not one of the years when there will be a rotation of the troops in Europe which is an extremely expensive proposition and that it has now been decided to do this every three years and any very large saving is accounted for by this. It is such an attractive suggestion to say to the public that one has reduced travelling expenses!

This is just an illustration of the undesirability in presenting what is essentially a business statement of introducing it with preliminaries that are definitely of a political character and must receive challenge in an assembly such as this. It is in the public interest that that be done.

As the minister has said, we have discussed the general question of governor general's warrants previously. We have done so on May 13 and 14. We discussed the Financial Administration Act on July 29 and I made reference to the history of bringing to this parliament an examination of these warrants at that time as I did on August 19 as reported at page 3766 of *Hansard* and on August 20 as reported at page 3822 of *Hansard*. I wish to point out, however, without repeating myself that there certainly is a Doctor Jekyll and Mr. Hyde complex on the part of the Minister of Finance. When we regard his appreciation of the rights of parliament with respect to supply when he was sitting in opposition and the attempt that was made on February 1 by the Minister of Finance and the Minister of Justice (Mr. Fulton) to say that the law would be satisfied irrespective of historic practice if the Minister of Finance simply announced his governor general's warrants to the house without debate.

The minister, of course, said we had had debate. We had it because we were debating on a point of order and not because the government decided to give us that historic privilege. I also wish to remind the minister that in the debate on May 14 we had a little argument as to just how much of the estimates of the 1957-58 fiscal year had received attention in the committee of supply in the last parliament and I think he said that more than one half had been approved. It is true that we had interim supply bills with respect to the ten-twelfths and in some instances with respect to the eleven-twelfths but I find that only five departments received discussion that could in any way be considered fairly full and six departments received partial consideration before dissolution of the parliament of last year. We also noted that the departments which were of particular public interest because of the economic crisis did not come before parliament at all. I refer to the Department of Labour, the Department of Public Works and the Department of Transport.

I must say we are grateful that there was a change of mind and heart with respect to the decision about giving us no opportunity in the committee of supply to consider governor general's warrants in some detail, a tradition that has existed since time immemorial. I congratulate the Minister of Finance for the form in which the information has been prepared. It was available at the time of the resolution and also appears as an appendix to the bill. I have no doubt that in committee we will be able to proceed item

by item if there is a desire, and this is a very convenient form of discussion.

Before concluding I wish to say that I have noticed all throughout this session another extremely undesirable practice setting in and some reference was made to it the other day by the Leader of the Opposition and myself; that is that we are asked in committee of supply to give consideration to the activities of the departments without having available the latest official report on the activities of the department. I believe it was an oversight, but it happens that the second biggest spending department of the government actually broke the law. There is a statute which says that within a certain period of time they must provide the House of Commons with a report on the activities of the department. I refer to the Department of National Health and Welfare which is making expenditures, statutory and items in the estimates, that exceed $1,200 million. We found to our great surprise and inconvenience, and to our great loss in the value of our work in committee, that when we were asked to examine the estimates of the Department of National Defence very closely in committee—and we spent a lot of time on them—we were greatly handicapped to find that for the first time for years we had neither a white paper which previous ministers had always prepared for the use of parliament in advance of the discussion of the ministers' estimates nor alternatively, and usually both, the annual report.

I admit immediately that to our great surprise when we examined the statute with respect to the Department of National Defence we found that there was no statutory obligation to submit an annual report to parliament. I think that that should be drawn to the attention of the administration. It is the biggest spending department; it is spending $1,700 million. I do feel that annually this house and the public at large should not be deprived of a statement, either a white paper or an annual report, or both. I can certainly say that when one who is not naturally abreast of the developments of this sphere is asked to give hours and hours of attention in close study in committees, which are meeting several times a week for two hours at a stretch, one is exceedingly handicapped when he finds that the last available information to him is something that happened in 1956. Surely that is a sphere upon which we must be up to date if we are to bring effective thought and criticism to bear upon it.

I want to point out that there may be other instances, but I think that this is a tendency that must be deplored. I do not think my hon. friend can suggest very many precedents for this in the past unless the calendar was responsible for it. It was not something that was too coincidental or, shall I say, deliberate? Maybe this sessions events are not deliberate. But perhaps there was no department this session that we were more concerned about examining with the best possible background than the Department of Labour.

I found that within a few days after the minister was released with respect to his estimates we were able to get in our mail boxes the last annual report of that department. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) indicated to the house the other day in an inquiry of the minister, which may be found at page 4162 of *Hansard* that the very important report of the advisory council with respect to unemployment insurance was available to the cabinet on July 31. In the meantime, the Minister of Labour (Mr. Starr) had his estimates before the committee of supply. A couple of days after he was released and his estimates passed we got this report in our mail boxes. I say there is something radically wrong in what seems to be the trend in this respect, and I must advance the strongest possible protest. Our opposition may not be too large but because of the fact the government, as never before in the history of this country, has so many supporters one would think it would be all the more anxious to make sure that the best possible information at the earliest possible date is made available to the opposition. I can recall the many eloquent speeches of my hon. friend in the past, advancing the importance of the role of the opposition in our parliamentary life and government.

There are some items in the schedule that I should like to ask the minister about. Perhaps in particular we shall hear from him at the committee stage something about the old age pension situation because that transfer or an appropriation of $103 million is the largest item in the total of $114 million that comes under the category of increases and not decreases.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group approve the principle of this bill which is to seek parliamentary approval for certain expenditures that were incurred without previous approval owing to the dissolution of parliament. I cannot help but bring to the attention of the house the fact that this group fought very hard last session in support of the very procedure that the government is adopting in the introduction of this bill, which at the time seemed unpopular to certain members on the government side who expressed that feeling during that debate which took the better part of an afternoon and an evening. However, we are very glad that the government has listened

to our arguments, and apparently has gone over those arguments in between the sessions and by the introduction of this bill has come to the conclusion that we were right. There is no question about it, Mr. Speaker, in our opinion the government was on very shaky constitutional ground last session with respect to the failure to produce certain estimates on immigration, I think it was, when they were under discussion in the house, seeking expenditures which had been occasioned as a result of governor general's warrants.

We may have some questions to ask at the committee stage but at this time I wish to conclude by congratulating the government on its recognition of the validity of our argument last session and on its repentance in between sessions and also on its position, as a result of our appeal, in finally restoring to parliament its rights in respect of the introduction of this bill.

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

Hon. J. W. Pickersgill (Bonavista-Twillingate): No, Mr. Speaker. I should like to say just a word or two but I am not going to make a speech. The hon. member for Kootenay West (Mr. Herridge) said that his group approved the principle of this bill. I do not think that we can approve the principle of the bill. As the hon. member for Kenora-Rainy River (Mr. Benidickson) has said, we think the government has done the right thing in bringing those warrants before parliament. We think that is the proper thing to do. Of course, that is what a distinguished member of the C.C.F. party and the Leader of the Opposition (Mr. Pearson) both asked in the last parliament should be done. But it seems to me that if we voted for this bill we would be not only approving having warrants brought here for our consideration but we would also be giving our approval to the government in spending a great sum of money in February and March by governor general's warrants and we most emphatically do not approve of that.

Our position is that the government had no excuse whatever for that dissolution, not the slightest excuse, except the desire for power.

An hon. Member: That is over with.

Mr. Pickersgill: Oh, yes. Those hon. gentlemen who do not seem to understand very much what parliament is about say that that is over with, that is done. That is certainly right—

Mr. Bell (Saint John-Albert): One-man party.

Mr. Pickersgill: That is exactly the point I was trying to make. This avid desire for

[Mr. Herridge.]

power, seizing the moment regardless of parliamentary institutions, is what has made it necessary for the government to bring this bill now. The government, having got an overwhelming vote of confidence from the previous house, should have stayed here and carried on with the nation's business and had the money voted by parliament for that purpose. We feel that if we voted for this bill we would be supporting the course taken by the government which we think was not justified except, of course, by the success at the polls. While we do not contest that, we do contest as a matter of principle the way it was arrived at.

I am just going to say one word about the possible parallel. It is true that on January 25, 1940—the Minister of Public Works (Mr. Green) will correct me if I am wrong—parliament met in the morning and was dissolved in the evening. It is true that the government of that day did have to use governor general's warrants for the new fiscal year up until May 16, 17 or 18, 1940, when parliament did provide further money.

But I would point out that there are three very important respects in which the two situations differ. In the first place, that was already the fifth year of that parliament. There had to be an election some time during that year. We were in the midst of a war and it was very important, if at all possible, to have the election at a time when there would be the least possible disturbance of the nation and the least possible disturbance of the time of ministers; in other words, at a time before the real fighting began. By the dissolution at that date that was accomplished.

The second difference, of course, is that the government of that day had been challenged, it is true not in the house but outside it, by the premier and the leader of the opposition of the largest province and there was an urgent need to discover whether that government or some other government should be entrusted with the supreme duty of carrying on the war.

The third, and in a technical sense the most important respect in which the two situations differ, is that supply had already been voted months before right up until March 31 so that there was no question of using warrants while the election was on. There was no question of using warrants before the election which, if my memory serves me correctly, was on March 26 and, of course, supply had been provided until March 31. Whatever the outcome of that election it would have been a government with a fresh mandate from the people which

would have used warrants for the short interim period between the election and the opening of parliament.

My attention has been drawn by the member for Kenora-Rainy River in this connection to something said by the Minister of Finance (Mr. Fleming) when he was sitting on this side of the house. In a debate on interim supply on April 28, 1949, he said, as found at page 2698 of *Hansard*:

—the government had moved closer to the election and they had carefully investigated all aspects of their supply problem, because when the Prime Minister arrived in Ottawa last Saturday on his return from his western tour he was met by the press and this question of supply came up. If you please, sir, the Prime Minister informed the press that financial supply could be authorized by governor general's warrants instead of by votes in the House of Commons. That is the statement of the Prime Minister. Why are we here? Sir, we are apparently just going through some motions here, because the government has already decided that whether it gets a vote of interim supply or not, it is going to spend whatever money it wishes to spend between now and the date on which the new parliament will assemble. Did you ever see, sir, any more bare-faced renunciation of responsibility—

This is the Minister of Finance speaking about Mr. St. Laurent.

—to parliament, any clearer evidence of the fact that this government has treated parliament, is treating it today as it has treated it hitherto, with studied contempt? This was a carefully calculated statement by the Prime Minister and we may be sure that he made it after due consideration.

What happened in 1949? In 1949 we—not "we"; I was not here—the hon. member for Laurier (Mr. Chevrier) and other hon. members, including the Minister of Finance—

Mr. Fleming (Eglinton): You were right the first time.

Mr. Pickersgill: —sat here until supply was voted by parliament. Mr. St. Laurent did not get in an aeroplane, say he was going to Winnipeg, land in Quebec and come back with dissolution in his pocket. He conducted himself in the proper constitutional fashion, as the Minister of Finance said he should have done. He did not show the contempt for parliament which, according to the Minister of Finance, was shown to the previous parliament on the first of February.

For these reasons and many others I could add we cannot support second reading of the bill.

The house divided on the motion (Mr. Fleming, Eglinton) which was agreed to on the following division:

YEAS

Messrs:

Aiken	Allmark
Aitken, Miss	Anderson
Allard	Argue
Balcer	MacEwan
Barrington	MacLean (Queens)
Bell (Carleton)	McCleave
Bell (Saint John-Albert)	McDonald (Hamilton South)
Brooks	McGee
Browne (Vancouver-Kingsway)	McGregor
Brunsden	McIntosh
Campbell (Lambton-Kent)	McPhillips
Cardiff	Martel
Chambers	Monteith (Perth)
Charlton	Morissette
Chown	Morris
Churchill	Muir (Cape Breton North and Victoria)
Cooper	Nasserden
Courtemanche	Nesbitt
Crouse	Nowlan
Danforth	Nugent
Deschambault	O'Hurley
Dinsdale	Pallett
Dorion	Pascoe
Doucett	Peters
Drysdale	Phillips
Fairfield	Pratt
Fane	Rapp
Fleming (Eglinton)	Rogers
Fleming (Okanagan-Revelstoke)	Rompre
Flynn	Smith (Calgary South)
Fulton	Smith (Lincoln)
Grafftey	Smith (Winnipeg North)
Green	Southam
Grenier	Speakman
Hanbidge	Spencer
Harkness	Stanton
Henderson	Stewart
Herridge	Tasse
Hodgson	Thrasher
Jung	Tremblay
Keays	Villeneuve
Kennedy	Walker
Kindt	Webster
Lambert	White
Lennard	Winch
Lockyer	Winkler
Macdonnell	Woolliams
	Wratten—95.

NAYS

Messrs:

Badanai	Forgie
Benidickson	Gour
Bourget	Habel
Bourque	Hardie
Brassard (Lapointe)	Houck
Cardin	McIlraith
Caron	McMillan
Carter	McWilliam
Chevrier	Pearson
Crestohl	Pickersgill
Denis	Richard (Ottawa East)
Deschatelets	Rouleau
Dumas	Tucker—27.
Dupuis	

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

On clause 1—*Short title.*

The Chairman: It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Shall clause 1 carry?

Mr. Benidickson: I am wondering about the convenience of the committee. On May 14, of course, the minister made a very wide but proper assurance that we would be able to have a fairly complete debate if desired on these items, such as we might have had in committee of supply if they had been brought forward in the usual way. I do not anticipate there will be an extensive debate, but I am just wondering about the best method of proceeding. Perhaps without calling the individual items unless some hon. member should require more detail, it would be possible, for example, to call the department and then the sub-heading of the department?

Mr. Fleming (Eglinton): That will be quite agreeable, Mr. Chairman. I understand the hon. gentleman is suggesting that when we reach the schedule you would simply call agriculture, for instance, then administration service, science service, experimental farms service, and so on.

Mr. Benidickson: That is right; unless somebody wants something more detailed.

The Chairman: Is that procedure agreeable to the committee?

Some hon. Members: Yes.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Purposes, terms and conditions.*

Mr. Benidickson: Mr. Chairman, clause 4 raises one question in my mind. Is there any significance in subclause 2 about the date being set at April 1?

Mr. Fleming (Eglinton): Clause 4 is in part new. It is proposed that the new form here should become the standard form in appropriation bills. This is based on a recommendation of the legal advisers in the Department of Justice. The hon. gentleman will recall that we had a counterpart of clause 4, subclause 1 in the interim supply bills this year. Clause 4, subclause 2 purports to be simply a statement of the legal position as it has been understood hitherto to be in connection with the final appropriation bill. It is simply a confirmatory statement, and it is proposed now that this should be the standard form used in appropriation bills.

Mr. Benidickson: I am glad of that explanation. The hon. gentleman will not think I am rude if I say he must be a little suspect on a bill of this kind because on February 1 last he had advice similarly from the Department of Justice and they told him the warrants should not necessarily come before us at all for an examination such as we are now having. I take it that the departments have 15 days after the end of the fiscal year in which to tidy up their accounts, during which period they would still be included in the fiscal year ending March 31. This is perhaps a result of that practice and it probably makes the position a little clearer.

[The Chairman.]

Mr. Fleming (Eglinton): No.

Mr. Benidickson: I realize we are one day into the fiscal year and that arouses curiosity.

Mr. Fleming (Eglinton): That is not the reason for it at all. The hon. gentleman is referring to a provision in the Financial Administration Act. This provision in this bill is simply intended to clarify and confirm what has always been understood to be the effect of the appropriation acts, I am informed.

Mr. Benidickson: Why is it April 1 instead of March 31?

Mr. Fleming (Eglinton): Because that is the first day of the fiscal year in respect of which this supply applies.

Mr. Benidickson: Of course. A year back.

Clause agreed to.

Clauses 4 and 5 agreed to.

Preamble agreed to.

On the schedule.

The Chairman: Agriculture, experimental farms service.

Mr. Pickersgill: There is a reduction here of $312,000. Was this merely that the building program was not completely carried out, or was something eliminated? This is under the heading construction or acquisition of buildings, works, land and equipment.

Mr. Fleming (Eglinton): Construction was delayed pending the establishment of a new animal centre and satellite farm.

Mr. Pickersgill: It did not represent a saving, just a delay?

Mr. Fleming (Eglinton): It was delayed for the reason I have indicated.

The Chairman: Shall the item headed "Special" carry?

Mr. Benidickson: I should like to make a comment on this respecting one of the items which comes in the column headed "Not Yet Authorized". It refers to the agricultural commodities stabilization account to cover the net operating loss of the agricultural commodities stabilization board as at March 31,

1958. Hon. members will recognize on looking at the column to the extreme left that the previous administration, when they drew up the budget item for 1957-58 put in—I do not know whether it was a nominal or a realistic figure, but it looks close to the total actually required—put a figure in their estimates of $8 million in respect of what would have to be raised by taxation and so on.

I notice here that we have a request for an additional grant which amounts to $988,544. This, I think, has extra significance in that as I read the estimates for 1958-59 there is nothing similar to the provision of $5 million which was made last year. It is true that the Minister of Finance when he calculated his possible large deficit for the current fiscal year warned us that it did not include anything for the agricultural commodities stabilization account. But we have already had a debate on the agricultural estimates and I think very little information was given with respect to payments of this kind except with respect to fruit. I wonder if the minister would indicate what products have resulted in this deficit? The minister and I probably do not see eye to eye on just whether we are appropriating or what we are doing under this bill, but hon. members will recognize the asterisk in the extreme right column. It is a very exceptional item because the other items are, for the most part claimed savings. This is an addition and I wonder if the minister would explain the necessity for the extra amount?

Mr. Fleming (Eglinton): As I explained on August 19 and 20 on the resolution stage there are three items of a transfer nature, this being one of them, where we took the actual amount as the figure to be inserted for this purpose in the supply bill. Ordinarily it is an estimated figure, but by reason of the fact that with the passing of the date March 31, 1958 we have the precise amount of the deficit and are providing for it we have used the exact figure. The hon. gentleman will see on page 7 of the report on supply an explanation of the asterisk. The figure of $988,544 is the difference between the estimated deficit provided for in the estimates and the actual deficit reported.

The other two items in this same category are Nos. 803 and 820. I mentioned these three items in particular at the resolution stage. They cover respectively deficits in the agricultural commodity stabilization account, the lobster trap indemnity account and the old age security fund.

Mr. Benidickson: I was wondering, though, if the minister would give us the detail of the losses that occasioned this vote under the agricultural commodities stabilization account?

Mr. Fleming (Eglinton): There is no one particular loss to which this can be ascribed. It is just the total and the actual figures will appear in the public accounts when they are audited.

Mr. Benidickson: That, of course, is perfectly true. I think the Auditor General is not obligated to submit his public accounts and statements until about December 30 of this year. But on the other hand we want to keep up to date on the commodities that are involving some cost to the treasury. In the debate this year on this year's estimates with respect to the agricultural commodities stabilization account I believe the Minister of Agriculture indicated that only one product that was subject to stabilization was actually at a price that was less than the market price and consequently I believe there would be interest in the country respecting losses incurred prior to March 31 of this year. Is there a major product?

Mr. Fleming (Eglinton): If my hon. friend wishes details on that I will obtain them for him and send them to him.

Mr. Pickersgill: There is another item of interest here. I notice that $400,000 of the appropriation for the Maritime Marshland Rehabilitation Act was not spent. Could the minister tell us about that?

Mr. Fleming (Eglinton): That amount was not required by reason of construction delays beyond the department's control.

The Chairman: Shall atomic energy control board carry?

Mr. Pickersgill: This large sum of $2,700,000 does not appear to have been spent at Deep River. Is that a permanent saving?

Mr. Fleming (Eglinton): In April 1957, Mr. Chairman, construction of the nuclear power demonstrator reactor was suspended for major redesign work which continued throughout the fiscal year. Construction began again in the summer of 1958.

Mr. Benidickson: So this apparent saving for the last fiscal year might very well be in our expenditures for the current fiscal year?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friends will have an opportunity to deal with that in the estimates of the Department of Trade and Commerce in relation to atomic energy. I believe they have not yet been reviewed in the committee of supply for this coming year.

Mr. Benidickson: This is a very large item involving $2,700,000. It simply emphasizes the point I made not only today but earlier that when savings of $73 million are claimed they involve in large part a simple deferment of expenditures.

Mr. Forgie: Mr. Chairman, item No. 54 under the heading "Atomic Energy of Canada Limited", research program, reads as follows:

Construction or acquisition of buildings, works, land and equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada, Limited.

I understand that Deep River is now an incorporated village under the municipal act. I am just wondering why there is an expenditure of $7,400,000 included when the status of Deep River has been changed in the last 12 months. Perhaps the minister could give me an explanation of that.

Mr. Fleming (Eglinton): There will be an opportunity on the estimates of the Department of Trade and Commerce, under the items respecting the atomic energy control board, to discuss that. I understand those items have not yet been reached in the committee of supply.

The Chairman: Shall Canadian Broadcasting Corporation carry?

Mr. Pickersgill: Mr. Chairman, I wonder if the minister could explain this. Was it just a difference between the estimates? What actually was the deficit?

Mr. Fleming (Eglinton): Mr. Chairman, an upturn in revenue from the special excise tax in the latter months of the year made it possible to reduce the grant toward the deficit.

The Chairman: Shall immigration branch under the heading "Citizenship and Immigration" carry?

Mr. Benidickson: Mr. Chairman, hon. members will recognize that here we have another unusual item. It is an increase and, of course, I know it refers to one of the governor general's warrants of the summer of 1957 shortly after the election of the new government. Would the minister please explain this item?

Mr. Fleming (Eglinton): Mr. Chairman, this item is one that was provided by governor general's warrant. The explanation is to be found on page 9 of the report of supply, in explanation of the asterisk. It reads:

In addition to the amounts shown in tabled estimates, $2,428,000 was authorized by special governor general's warrant of August 19, 1957 (P.C. 1957-1134).

[Mr. Fleming (Eglinton).]

This is the amount that was required to provide largely for the Hungarian refugees who were coming into Canada and for the support of whom insufficient had been provided in the estimates.

Mr. Benidickson: This, I think, is the key to the whole reason for departure from making it open to the committee of supply to debate governor general's warrants in subsequent sessions of parliament. We all know that we had an election in June of 1957 and the administration that replaced the old one on June 10 of that year made a great deal of political capital about what had been done for Hungarian refugees. I am quite confident that the reason there was a desire to not have subsequently a debate about governor general's warrants was the fact that while they had criticized not only these allowances but their immigration itself even though the recent minister of citizenship and immigration, the present Minister of Justice, told my friend the hon. member for Bonavista-Twillingate that he had not gone far enough with Hungarian immigration. I believe this is the item that explains the whole reason why the new government departed from the traditional system of giving an opportunity in subsequent books of estimates and in subsequent meetings of the committee of supply to debate any item that was involved in the governor general's warrants.

One will see here extra funds were required by the new administration for this purpose. They apparently decided it was desirable and in the public interest and should be continued and they went to the governor general and got the warrant to make that possible. But in so far as bringing it up in the subsequent session of parliament for debate was concerned, they tried to avoid it and I well realize it was because of what they had to say in the 1957 election campaign.

Mr. Fleming (Eglinton): Mr. Chairman, the amount in question was provided by special warrant and the purpose of it is described as follows. Perhaps I should read the warrant:

Pursuant to order in council P.C. 1957-1134 of 19th August, 1957, the Minister of Finance and Receiver General is hereby authorized to pay, out of any unappropriated moneys forming part of the consolidated revenue fund, the sum of $2,428,000 (in addition to the sums already granted under vote 71 by the Appropriation Act, No. 3, 1957, and the Appropriation Act, No. 4, 1957) to provide, subject to the approval of treasury board, for expenditures in respect of transoceanic and inland transportation and other assistance for immigrants and settlers, including care en route and while awaiting employment.

That warrant was duly gazetted. It appeared in the *Canada Gazette* of August

31, 1957, and a copy of it was tabled in this house at the beginning of the next session, in October, 1957.

The Chairman: Shall Indian affairs branch carry? Shall national gallery of Canada carry?

Mr. Pickersgill: I notice that the amount in the estimates was $130,000; the amount authorized was $108,334. I also notice that in the estimates we passed the other day this amount was cut down to $100,000. Is it the policy of the present administration to reduce the annual grants to the national gallery?

Mr. Fleming (Eglinton): It would not be proper for me to make any comment on the 1958-59 estimate. So far as the 1957-58 item now before the committee is concerned, I simply point out that when the warrant was issued in early February we did not go one cent beyond existing commitments. That is the reason for the reduction of $21,666.

Mr. Pickersgill: What does the minister mean by "existing commitments"?

Mr. Fleming (Eglinton): Existing commitments as at the date of the issuance of the warrant. My hon. friend will recall that the special warrant in question was issued on February 7.

Mr. Pickersgill: I presume the minister means that this amount represented the difference between 10 months and 12 months, or does it go up to February 7?

Mr. Fleming (Eglinton): It means that in drawing the warrant on February 7, so far as purchases for the gallery are concerned, there was none provided for, for the remainder of the fiscal year to March 31. In other words, the appropriations at that point stopped with the commitments as they stood at that date.

Mr. Pickersgill: I do not quite understand. I may be exceedingly stupid about this, but I do not understand what the minister means by "commitments" because he surely realizes that whatever is appropriated is paid into the purchase account. There is no question of any commitment of any kind. The government decides to recommend how much parliament should have to pay into the purchase account and the gallery may not have spent that that year at all. It had been the practice for a number of years to appropriate $130,000 for this purpose and I would have thought, this being in the estimates and fractions of it having been voted on two or three occasions, it was an implication on the part of the government that they intended to appropriate the full amount for the fiscal year. I do not think we were given any indication up to February 1 that this amount was going to be cut. I could be wrong about that. I just wonder whether that is so.

Mr. Fleming (Eglinton): In submitting to His Excellency in early February the warrant for his approval the cabinet considered that in this respect it should not go beyond the commitments that then existed. If parliament had been sitting and had chosen to come forward and appropriate the full $130,000 that would have been one thing; but in drawing the warrant for submission to His Excellency for his approval cabinet felt that it should not go beyond the commitment existing at that date.

Mr. Pickersgill: I do not understand what the minister means by "commitment", commitment to whom?

Mr. Fleming (Eglinton): These are actual commitments for purchases of paintings at the date the warrant was drawn.

Mr. Pickersgill: Is the minister sure of that?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: Can he produce any evidence of that?

Mr. Fleming (Eglinton): That is the information I received.

Mr. Pickersgill: I must say I would like more than just that statement to satisfy me. However, if I cannot get it, I cannot get it.

The Chairman: Shall civil service commission carry? Shall defence production department, A, carry?

Mr. Benidickson: Perhaps my remarks would be related to all the items of so-called savings under defence production. I note they total not quite a million dollars? These, of course, are all part and parcel of the claim that $73 million of savings had been created. These are items of capital assistance for construction and for defence construction, I think largely housing, for service people in the forces. Are these real cancellations of the program or are they deferments?

Mr. Fleming (Eglinton): Is my hon. friend referring specifically to item 89?

Mr. Benidickson: Items 89, 91 and 92.

Mr. Fleming (Eglinton): Perhaps we had better take them one at a time. Item 89 provides for capital assistance. There was a deceleration of the production of the CF-105, a cancellation of certain equipment for that plane and a lower than anticipated cost for the FN rifle project. That figure is $499,265.

Then, on item 90, which is the provision for payment of grants to municipalities in lieu of taxes on crown-owned defence plants,

the difference of $26,000 is accounted for by the fact that under the terms of lease with Canadian Pratt and Whitney Limited that company will pay the taxes on the plant at Longueuil. Under item 91, under crown companies, there was a slow-down in the over-all defence construction, accounting for the reduction of $211,021.

Item 93, under Canadian Arsenals Limited, the difference was owing to the same cause.

Mr. Benidickson: Mr. Chairman, the minister very kindly drew to my attention when we were on the resolution stage the five items before us that are dollar items.

Mr. Fleming (Eglinton): Yes, there are five.

Mr. Benidickson: I do not think I have a quarrel with respect to the others but I am curious about the fact that there is no language to explain the reason for $1 for administration and operation of Canadian Arsenals Limited. Is that simply for the purpose of debate?

Mr. Fleming (Eglinton): Under Canadian Arsenals Limited, the item is provided to permit the operation of the plant. It is a matter of purchases and sales, and this is the item under which discussion can be had.

Mr. Benidickson: There are some crown companies that have not even got an item of $1 in our estimates. Is that so?

Mr. Fleming (Eglinton): Yes, there are some crown companies, it is true, to which there is no direct reference in the items of the estimates. My hon. friend can recall some, for instance, that report to departments such as defences production or trade and commerce and which are normally discussed for that reason under the first item of those departments.

The Chairman: Shall external affairs carry?

Mr. Pearson: There is a reduction in item 97 of $356,000, for construction, maintenance and rental of buildings abroad. Is this merely a deferment of the construction program or is it an abandonment of some part of the program which had been planned?

Mr. Fleming (Eglinton): The proposal for construction of a chancellery in Canberra and the residence in Brussels was not proceeded with last year. The department's limited technical resources were fully occupied with other projects.

Mr. Benidickson: None the less, is it going ahead this year?

Mr. Fleming (Eglinton): I think I will have to leave my hon. friend to raise that point on the 1958-1959 estimates.

[Mr. Fleming (Eglinton).]

Mr. Pearson: I think the 1958-59 estimate has shown that they were proceeding with them this year.

The Chairman: Shall general carry? Shall North Atlantic treaty organization carry? Shall international civil aviation organization carry? Shall international joint commission carry? Shall terminable services carry?

Mr. Pearson: There is an item here, 797, which shows a reduction of $10 million for the purchase of wheat and flour to be given to India, Pakistan and Ceylon to relieve food shortages. Would the minister be good enough to explain to the committee what this reduction means because it is our understanding that these amounts have been increased this year?

Mr. Fleming (Eglinton): They have been increased this year. So far as this item is concerned, arrangements for shipment could not be completed before the end of the fiscal year.

Mr. Benidickson: So that particular saving of $10 million also out of the $73 million did not require all the hard work that the minister said he was going to put into savings and economies compared with the previous estimates?

Mr. Fleming (Eglinton): This item is not one related to economy. This is an item that was provided for last year and for the reason I have given, because arrangements for shipment could not be completed before the end of the fiscal year, the money was not required. But my hon. friend is well aware of the program in the 1958-59 estimates.

Mr. Pearson: I take it that the result of this would be that in the wheat statistics of the previous year this amount of $10 million will not show. There will be a reduction to that extent and that $10 million will be shown in the current statistics of wheat and flour shipments under the new vote.

Mr. Fleming (Eglinton): Yes. Obviously nothing is going to be shown as applied to 1957-58 that was not provided in that year. The figure for 1958-59 will make the provision intended for the present fiscal year.

Mr. McIlraith: It is not quite as simple as that. This is the item in the estimates of the Minister of Trade and Commerce where he tried to show the sharply increased wheat exports this year in terms of bushels of wheat exported. That is something I think we are all very glad to see but in his effort to do so it was not clearly demonstrated that

there was a comparison made with the previous year whereas there were merely deferred shipments that had been provided for in the previous year.

Mr. Fleming (Eglinton): My hon. friend realizes that this is only part of the item. There was provision made for $15 million of which wheat to the extent of $5 million was shipped.

Mr. McIlraith: I quite realize that, Mr. Chairman, but I want to point out that this is the very difficulty we were trying to have clarified on the estimates of the Minister of Trade and Commerce.

Mr. Fleming (Eglinton): I was not present when they were being discussed.

Mr. Pickersgill: There is one question I am sure the minister can answer. When did this $15 million first appear in the estimates? I suppose the minister should tell me that I ought to look that up myself but I have not done it.

Mr. Fleming (Eglinton): It appeared in the supplementary estimates which were tabled last autumn. I will have to obtain the exact date for my hon. friend, but I think it was in the further supplementary estimates, No. 2.

Mr. Pickersgill: In other words, it was anticipated in the autumn that $15 million would be required and in fact only $5 million was required before the end of the fiscal year.

Mr. Fleming (Eglinton): The hope was that arrangements could be made for shipment of the full amount covered by the sum proposed to be appropriated. Part of it was shipped, but not all.

Mr. Benidickson: But this is one of the items of the $73.6 million referred to on page 18 of *Hansard* of this session when the minister was dealing with accounts for the previous year, when he said savings had been effected.

Mr. Fleming (Eglinton): I would not be able to answer that question without looking it up. I know it is part of the items I referred to on August 19 at the resolution stage.

Mr. Pearson: There is an item here, 795, for the provision of technical assistance to the West Indies and to Ghana and a saving of $135,000 is shown. I take it that is merely a deferment of that expenditure to the current year.

Mr. Fleming (Eglinton): That program was initiated in February, 1958, which left less than two months before the close of the fiscal year. Within that short period of time it was possible to post only a small number of technical experts prior to March 31. The hon. gentleman is aware of the plans for technical assistance to the West Indies in the fiscal year 1958-59.

Mr. McIlraith: Would that explanation not mean that the provision of the item of $150,000 in the previous estimates when they were presented would be quite misleading because it was obvious that the money would not be spent in that fiscal year?

Mr. Fleming (Eglinton): It was not misleading at all. Parliament was asked to provide the money, and every attempt was made to employ and post technical experts. However, in the time available it was not possible to post more than a small number of technical experts prior to March 31. It was not for lack of effort, I can assure the committee.

Mr. McIlraith: What item is this in last year's estimates?

Mr. Fleming (Eglinton): It is item 795.

The Chairman: Shall terminable services carry? Shall finance, general administration carry? Shall administration of various acts and costs of special functions carry? Shall public debt charges carry? Shall payments to municipalities carry? Shall contingencies and miscellaneous carry?

Mr. Benidickson: I am not as familiar as I should be with the Financial Administration Act. This, of course, is an item to delete from the accounts certain debts due to and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $627,411.15. Will these appear specifically in the public accounts?

Mr. Fleming (Eglinton): My hon. friend is referring to item 689?

Mr. Benidickson: No, 690.

Mr. Fleming (Eglinton): My hon. friend is aware of the provision that has been made in the recent amendments to the Financial Administration Act in connection with the deletion from the public accounts of debts due to Her Majesty. Item 690 simply contains a form of authorization, which is the form employed hitherto prior to the amendment to the Financial Administration Act, under which treasury board derives authority to delete from the accounts debts due and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $627,000 odd.

Mr. Benidickson: Do they appear in the public accounts?

Mr. Fleming (Eglinton): Yes, they do.

Mr. Benidickson: Because I notice that 689 appears to be in the form of legislation.

I do not know whether or not this is something we have done before but in 689 it does say specifically that these items shall be reported in the public accounts whereas under 690 the same clear provision is not present.

Mr. Fleming (Eglinton): They are referring to two different things.

Mr. Benidickson: Oh, yes.

Mr. Fleming (Eglinton): Originally when 689 was introduced it was intended to authorize the making of regulations by treasury board providing for the deletion from the accounts of certain debts due Her Majesty. It was our feeling that sort of item should not be a method of legislation. That was the reason for introducing specific and continuing statutory authority.

Mr. Benidickson: It is superseded by the recent amendment to the Financial Administration Act?

Mr. Fleming (Eglinton): Recently, yes.

The Chairman: Shall contingencies and miscellaneous carry? Shall special carry? Shall general items of payroll costs including superannuation payments carry? Shall university grants carry? Shall miscellaneous grants carry? Shall fisheries, general services, carry? Shall field services carry? Shall international commissions carry? Shall special carry?

Mr. Pickersgill: On special, Mr. Chairman, item 159 is to provide for the operation and maintenance of the Newfoundland bait service. I notice there was a reduction of $100,000. Could the minister tell us what occasioned that reduction?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, it was not found possible to proceed as quickly as had been expected with the construction of bait facilities at Bonavista, Newfoundland.

Mr. Pickersgill: I thought that was it, and I wanted to say that I still think they are not being proceeded with nearly as rapidly as they should be. As the minister is well aware, there is a very serious shortage of bait in Newfoundland. I do hope he will urge the Minister of Fisheries to do his utmost to see that this delay is not continued any longer than it absolutely has to be.

The Chairman: Special carried. Shall Fisheries Research Board carry? Shall governor general's and lieutenant governor's carry? Shall insurance carry? The next is Department of Justice. Shall A-Department carry? Shall penitentiaries carry?

Mr. Benidickson: This item 184 is one of the larger items and there has been a saving claimed of $1 million. Is this a deferment also?

[Mr. Benidickson.]

Mr. Fleming (Eglinton): This reduction was made in committee of supply itself on January 10, 1958 at the request of the Minister of Justice.

Mr. Benidickson: Was it simply because he recognized that construction would not proceed within the fiscal year and would probably go into the accounts of the succeeding year?

Mr. Fleming (Eglinton): Yes.

The Chairman: Shall labour carry? Shall special services carry? Shall vocational training co-ordination carry?

Mr. Pickersgill: On this item there seems to be a very large saving of $4.5 million. Could the minister explain that?

Mr. Fleming (Eglinton): This item 197, and the sum of $2 million had been reserved in case Quebec signed an agreement. The balance of the reduction was possible because provinces were not claiming the full amounts available in the first year of the new vocational and technical training agreement No. 2.

The Chairman: Shall government employees' compensation carry? Shall unemployment insurance carry? Shall legislation, the Senate, carry? Shall the House of Commons carry? Shall the library of parliament carry?

Mr. Pickersgill: I wonder what this saving is? Could the minister tell us?

Mr. Fleming (Eglinton): There was difficulty in recruiting cataloguing staff and that resulted in a salary saving, and there was a lesser amount spent for the purchase of books, microfilming and book repair than was originally estimated.

The Chairman: Shall pensions and other benefits carry? Mines and Technical Surveys, shall administration services carry? Shall surveys and mapping branch carry? Shall geological survey of Canada carry? Shall mines branch carry? Shall geographical branch carry? Shall dominion observatories carry? Shall general carry? Shall dominion coal board carry? National Defence, shall defence services carry? Shall general services carry?

Mr. Pearson: On national defence services, there was a very large saving of $32 million. I wonder if the minister would make a statement, and particularly inform us how much of this is due to deferment of construction?

Mr. Fleming (Eglinton): The figure of $32 million is a net figure. The reduction is the result of decreases, at least in the national defence estimates, on portions other than that applicable to defence research board, which is

offset in part by an increase in the provision made for the defence research board. I can give the committee a breakdown, if that is desired.

The decreases are as follows: Departmental administration, $380,000; inspection services, $1,604,267; navy, $6,270,206; army, $20,752,000; air, $6,614,142; defence expenditures by other departments, transport $750,000; mutual aid, $10,716,385, for a total of $47,087,000. There was an offsetting increase in the provision for the defence research board of $15,000,087, resulting in a net reduction of $32 million.

Mr. Pearson: Could the minister give the committee any indication of the proportion of this saving of $32 million that appears in the current estimates. In other words, how much of this is deferment of expenditure?

Mr. Fleming (Eglinton): So far as the relationship of the 1958-59 estimates is concerned, that was fully discussed before the estimates committee. It is there as a matter of record. This subject was gone into on a return made to a question put in that committee by the hon. member for Levis.

The Chairman: Shall pensions and other benefits carry? Shall national film board carry?

Mr. Pickersgill: In view of the sentiments about the film board that used to be expressed by the Minister of Finance when he was on this side of the house, was he not able to find any economies in this service?

Mr. Fleming (Eglinton): Is my hon. friend referring to any particular item?

Mr. Pickersgill: No, to the over-all picture.

The Chairman: National health and welfare, departmental administration, shall that carry? Shall health services carry? Shall general health branch carry? Shall grants to health organizations carry? Shall special carry? Shall welfare branch carry?

Mr. Benidickson: Was not something provided in connection with this particular item by the previous minister of finance in the way of a definite transfer item?

Mr. Fleming (Eglinton): For the old age security fund?

Mr. Benidickson: On the old age pensions item you have in the estimates, on the extreme left, $103 million. I take it that when the governor general's warrant was drawn up it was decided to include nothing in respect of this fund. I have every reason to understand why that might be the case. I take it that the original estimate is to be exceeded by almost a million dollars, nine hundred and some odd thousand. What is the present position of the fund? I have a Canadian Press dispatch from Harold Morrison which has been widely quoted throughout the country, and I am sure before preparing his article he saw the officials of the department. The article was prepared after the commencement of the new fiscal year. He said it was expected that the total disbursement from the fund this year would be about $555 million, which would be a rise of $118 million over last year, and it was felt that the special taxes that are allocated to the fund would amount to $330 million which would leave a deficit of $225 million. The minister and I had some discussion on that phase at the time of the budget debate and he had some calculations. Then, I think he thought the deficit would be $190 million; I am not sure of that, but I think it was $190 million. It is two months or more since we have had a discussion on this matter. Would the minister make any comment as to whether or not he has a new forecast as to the probable deficit in the fund if new regulations are not provided?

Mr. Fleming (Eglinton): Mr. Chairman, I would not care to attempt any new forecast with respect to the present fiscal year, 1958-59, so far as the deficit of the fund for the year 1957-58 is concerned, I think my hon. friend is under a misapprehension in saying that some provision was made in that behalf by my predecessor. The statutes provide for crediting to that fund the proceeds from the 2-2-2 formula. That is a matter of statute law, it is not a matter of provision in the estimates, but it has been customary—

Mr. Benidickson: To guess at it in advance of the year end.

Mr. Fleming (Eglinton): —at the end of each fiscal year to ask parliament to vote a sum of money to pay the deficit in the fund because the 2-2-2 formula has not been adequate to meet the charges on the fund.

In 1957 increases were made in the scale of payments in the spring of the year and further increases effective as of November last, with the result that the charges on the old age security fund have been very substantially increased and the credits to the fund continue under the 2-2-2 formula. Consequently on this basis there will be an increasing deficit in the fund.

So far as the deficit for the year 1957-58 is concerned, we are there dealing with a transfer item. The amounts were incurred as a charge on the treasury in accordance with the Old Age Security Act and here parliament is simply being asked to approve a transfer from the consolidated revenue fund to eliminate the deficit for the year 1957-58 on the old age security fund itself in the consolidated revenue fund. That is the function of this item and, as I mentioned earlier, it is

one of three items where we are taking the exact amount of the deficit at March 31, 1958 rather than the estimate which had been used up to that time.

It was thought that with respect to these three deficits it would be much more satisfactory for parliament to approve a transfer to meet the deficits in their actual rather than their estimated amounts.

The Chairman: Shall civil defence carry? Shall the national research council carry? Shall national revenue, customs and excise divisions, carry?

Mr. Pickersgill: We cannot hear, Mr. Chairman.

Mr. Pearson: Before I was able to get to my feet you called the civil defence on which I wished to speak, Mr. Chairman. I wanted to ask the minister if he could explain this decrease in civil defence when we have learned from the Prime Minister that civil defence is becoming increasingly important in our planning for the future.

Mr. Fleming (Eglinton): Under item 287 the report on supply shows that the sum of $1,168,347 out of the original estimate was not employed. This, in turn, was made up of two items, the first being $600,000, and the explanation of that portion is that under that the grants to the provinces funds had been provided for Quebec in case that province signed an agreement, and at the time of the warrant Quebec had not signed, so that the warrant was correspondingly reduced. The second item is one of $568,347 under materials and supplies. There were delays on some of the deliveries on items for the medical stockpiling program. This program was begun in 1952-53, and this was a matter of delay in respect of certain medical items.

The Chairman: Shall taxation division carry?

Mr. Benidickson: I think you skipped the national research council, Mr. Chairman.

Mr. Fleming (Eglinton): The Chairman called that earlier but we went back.

Mr. Benidickson: Just two minutes ago I saw the Minister of National Revenue in the chamber, but he does not appear to be here at the moment. That minister knows I am interested in the attempt of the United States government to collect taxes against a Canadian company, namely, Premium Iron Ores. I have reference to an assertion referring to something said a few months ago during the fiscal year 1957-58. I know the hon. member for Port Arthur has raised this subject on several occasions but I thought a very pertinent point was that on page 77 of *Hansard* for May 14, 1958 he asserted that on March 27, 1958 the deputy minister of national revenue was reported as having made an indication to the United States tax collecting authorities that he had some agreement with the United States position. I know a parliamentary return has been provided to us during this session, but my recollection is that the correspondence provided to this house was between Mr. McEntyre, the deputy minister of national revenue and his opposite numbers in the United States, and completely antedated the date referred to by my hon. friend the member for Port Arthur, namely March 27, 1958, at which time it was asserted representations were made before a United States congressional committee. I also know that the references in the correspondence which are subject to a parliamentary return relate to something in the Toronto *Telegram* written by the well-known journalist, Miss Robinson, and her articles also antedate the date which I gave, that is March 27, 1958.

I know that in the previous administration the minister of finance, the minister of national revenue, the secretary of state for external affairs and I believe the prime minister took some interest in this matter, so I would imagine even in the absence of the Minister of National Revenue, the Minister of Finance might know something about it. It is the date in which I am interested.

Mr. McEntyre, I know, completely denied, and in that denial was supported by his opposite numbers in the United States, that there had been an agreement or understanding between them such as was referred to in the column of Miss Robinson of about March 18 last, but my recollection is that the member for Port Arthur referred to a later date, which as I say was March 27, 1958, within the fiscal year of the items before us. I am wondering, therefore, what the Minister of Finance might tell us with respect to this problem, which I think he knows has been exercising many people in the national resources industries. Steep Rock Iron Mine is in my constituency; we have had several severe lay-offs there and expect more if this kind of double taxation discouragement should develop because it was expected that it would be avoided under our tax treaty with the United States.

Mr. Fleming (Eglinton): This subject was very fully discussed and dealt with when the estimates of the Minister of National Revenue for 1958-59 were before the committee of supply on August 27.

Mr. Benidickson: I know that the hon. member for Port Arthur again contributed very valuably to that debate, but the reference I now make is to an assertion which was made by a United States internal revenue

officer, apparently within the last fiscal year, and I wondered if that particular point had been cleared up.

Mr. Fleming (Eglinton): I do not know whether my hon. friend was present in the house on August 27.

Mr. Benidickson: I was not and that is why I raise this matter.

Mr. Fleming (Eglinton): This matter was very fully dealt with at that time and it would not be competent for me to re-open it again on the estimates of another minister.

The Chairman: Northern Affairs and National Resources, water resources branch.

Mr. Pickersgill: There is a question with regard to item 310. There is a reduction there of $300,000. I assume it is just a deferment.

Mr. Fleming (Eglinton): Yes. Expenditure under that heading is determined by the rate of progress made by the provincial program.

The Chairman: Post Office Department.

Mr. Pickersgill: I should like to ask the minister a question about the Post Office Department. I was under what appears to be a misapprehension, namely that the estimates of the Post Office Department were carried in the parliament before last and included in the appropriation act. If I am right, I wonder why the department is included in this bill at all.

Mr. Benidickson: I thought it was the only department that was cleared completely.

Mr. Fleming (Eglinton): Yes, the estimates of the Post Office Department were carried and there was an appropriation bill for the purpose. If the hon. gentleman will look back at the summary on page 2 of the report on supply he will find that in the recapitulation of all the estimates for 1957-58 we have taken the aggregate of all items except statutory items and then deducted from this total the amounts voted by parliament in a series of appropriation bills. Of those six bills the third is the one which appropriated for the Post Office Department.

Mr. Pickersgill: In other words, this is put in to make the thing complete.

Mr. Fleming (Eglinton): Yes. This schedule contains the complete appropriation for the year, but the enacting clauses make it clear that parliament is being asked to appropriate only the net amount.

The Acting Chairman (Mr. Chown): Privy council. Special item.

Mr. Pickersgill: I cannot let this pass without saying a brief word about item 723 relating to remuneration for members of the privy council. I think I should like to express once again my feeling that this was a most inappropriate and, I suggest, unconstitutional thing for the governor in council to have done.

It does seem to me that however far they might go in appropriating money for other persons it is carrying the power conferred upon the governor in council under the Financial Administration Act pretty far when it is extended to the point of handing out additional sums of money to members of the cabinet who are themselves responsible to parliament for recommending all appropriations. It does seem to me that this is a function which should have been left exclusively to parliament. I had thought the other day when we had a discussion on the Prime Minister's estimates that the right hon. gentleman was going to get an opinion from the law officers of the crown about this whole subject, and I still hope he is going to do that. I think this is a practice which ought never to occur again, and having said that I do not intend to say anything more about it.

Mr. Fleming (Eglinton): The hon. gentleman has not added anything to what he said on a previous occasion on this subject, but so far as approval by parliament is concerned I should like to bring to the attention of the committee the fact that this item was before the previous parliament during the 1957-58 session and that parliament appropriated a portion of this amount in several of the interim supply bills. Thus there cannot be any suggestion that parliament was not aware or that parliament did not approve.

Mr. Pickersgill: Now if the minister had shown a little more forbearance I should have said nothing more on this subject, but I cannot let that pass. The other day when I spoke on this matter I read two extracts from the minister's statement made on his first interim supply bill last October. He made no mention whatsoever of this item; it was never mentioned as far as I can discover in any of the statements the minister made. It is true it was in the estimates, but the minister said what we were doing there was not in any sense final. It does seem to me that because we in the opposition conveniened the government by giving them interim supply, that the government should come forward now and say that because we gave them interim supply and because we overlooked something which was not drawn to our attention this indicated there was parliamentary approval, because there was

not parliamentary approval in any except the most technical sense. And we were considerably abused, if I remember correctly the minister's speech at that time—his manners have somewhat improved since then, I might add—for holding up interim supply as long as we did. I admit it was perfectly legal to make those payments up to January 31 on the basis of the interim supply which was voted, but I think it was a very improper thing and an unconstitutional thing for the government to have done it in the hole and corner in which they did, without the Minister of Finance or the Prime Minister coming here and telling us what was being done. I think it was a wholly inexcusable thing to appropriate further moneys under the Financial Administration Act by governor general's warrant for this purpose.

The Acting Chairman (Mr. Chown): Federal district commission.

Mr. McIlraith: I should like to comment on the last item, the item which has to do with the provision of $2 million a year toward the national capital fund. As was explained by the Prime Minister on his estimates, this is merely a deferment of a payment. It was shown in last year's accounting as a saving whereas in fact it is not a saving at all, and it appears this year in the estimates for 1958-59 in addition to the regular item of $300,000.

The Acting Chairman (Mr. Chown): National library.

Mr. Pickersgill: Here, again, I asked the hon. lady who presides over this department, during the discussion of her estimates the other evening, if she could explain to me why the item of $40,000 which had been put into Mr. Harris' estimates for the purpose of acquiring books had been reduced to $33,334. It was the last question addressed to the minister on her estimates. I said I did not wish to hold up the committee because the minister had no answer available. This is not intended as criticism of the hon. lady, because she was not the minister at the time and I did not see any special reason why she should have known. But here again it seems to be a rather extraordinary reduction to have been made, and I notice that the item is again $40,000 this year.

I wonder if the minister could explain how this item came to be reduced, because the policy which has been followed is, I think, a well understood one. I am glad the minister and the department have gone back to an appropriation of $40,000 a year for this account.

[Mr. Pickersgill.]

Mr. Fleming (Eglinton): This item relates to the payment to the national library purchase account for the purpose of acquiring books. The account is on a non-lapsing basis and the rate of purchase is irregular, depending on the state of the market and the availability and manuscript collections. At the time of the dissolution of parliament there had been an appropriation of $33,334. In view of the fact that there was a balance available in the account the governor general was not advised to include the amount of $6,666 in the warrant.

Mr. Pickersgill: Is the minister quite sure that that reduction was made only at that time and that it was not made many months before?

Mr. Fleming (Eglinton): No, no. My friend has only to look at page 44 of the report on supply to see that the sum of $33,334 was authorized by appropriation acts passed by parliament. In view of the fact there was no parliament I would have thought it met with his approval that there should be nothing appropriated by a warrant for that purpose in the balance of the fiscal year.

Mr. Pickersgill: I must say that is a conclusion with which I would find it difficult to agree. The few cases where the government did see fit not to use warrants were those cases where habitually over a long period of years parliament had appropriated a special sum to go into these funds. The Prime Minister told us when the federal district commission estimates were before us that this practice was followed with respect to the national capital fund but he also indicated that in that case the difference was being made up —and indeed more than made up—in a supplementary appropriation in the current fiscal year.

I drew attention a few moments ago to the item in respect of the national gallery which was reduced in the manner the minister has just described and now we have this one for the national library similarly reduced but in neither of these cases is there any suggestion that the amount should be appropriated this year in any supplementary estimates of which I have heard. It seems to me that these grants which for use and wont have been made for a number of years were precisely of a kind that no one would have taken any reasonable exception to but it is these exceptional and extraordinary items that we find it hard to understand, not items of a conventional character such as this. The extraordinary scruples of the minister in this particular regard do not appeal very much to me.

Mr. Fleming (Eglinton): I did not expect they would, Mr. Chairman, but I will remind my hon. friend of the provisions of the Financial Administration Act that require that with respect to every sum proposed to be appropriated by governor general's warrant it is necessary to submit a recommendation that the proposed expenditure is urgently required for the public good. In this particular case the amount was not urgently required under the circumstances.

The Chairman: Shall the national library carry?

Mr. Pickersgill: Mr. Chairman, I am not quite satisfied with that because it does tempt me to raise once again the question we were discussing a few moments ago.

The Chairman: Shall national library carry?

Some hon. Members: Carried.

The Chairman: Shall public printing and stationery carry?

Mr. Pickersgill: There seem to be some reductions here and since this is a subject of great public interest at this time perhaps the minister would tell us what they are about.

Mr. Fleming (Eglinton): Mr. Chairman, there are two items of which the amount proposed in aggregate to be appropriated does not amount to as much as the estimate. The first is item 347. The sum of $60,000. The fact is that when the year advanced and the time came in early February to recommend what would be required for the balance of the fiscal period it was found that we could meet what was required in this typewriter repair program without including the sum of $60,000.

In the combined items 352 and 727, involving an amount of $131,000, the purchase of presses, was postponed.

The Chairman: Public works.

Mr. Pearson: Mr. Chairman, this general item 353 and following items show a reduction of about $2¾ million a substantial portion of which I would judge—and the minister will probably be able to give us some more detailed figures in this regard—is due to a reduction of the construction. Indeed, that is obvious in some items. I would point out that this reduction in public works of this amount occurred at a time when public works was being put forward by the government as the main remedy for unemployment.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, but that statement, of course, does not tell the whole story. In a large program such as was provided for in the 1957-58 estimates the Department of Public Works will have some projects that naturally are not proceeded with or not proceeded with to the extent originally contemplated and there will be others which are. Now the extent to which the amounts originally estimated were not fully appropriated in the end is attributable in cases to the sort of situation that I have indicated. It certainly was not due to any slowing down of the program of construction. The situation was fully discussed in parliament in 1957. The rule that was followed was that where any construction project involved the creation of work there was to be no slowdown of the construction program in that regard at all because our concern was for the provision of employment as well as for the provision of needed public facilities.

Mr. McIlraith: Mr. Chairman, I would point out to the minister that his answer does not really deal with the point raised. It will be recalled that on February 18, 1958 the Prime Minister announced expected expenditures by government departments and agencies on public works projects totalling $280 million during the first quarter of 1958 and that was put forward across the country as a vastly increased works program that was to assist in meeting the problem of unemployment. While it was not admitted by him that a serious unemployment problem existed apparently he recognized that a need for a program of this kind did exist. As against the statement we all recall was made by the Prime Minister on that occasion we have the facts coming out through these figures showing there was not an increase at all in the first quarter of 1958 but that there was in fact the usual decrease that comes because of the impossibility of estimating precisely what the amount of works will be and the short-falls that are inevitable in any system where you estimate to a definite period and do not carry on the construction for reasons that are easily understandable up to the full amount.

The Prime Minister's statement that was followed up and repeated across this country was in fact of a nature that created an impression in the public mind which was quite contrary to the facts as revealed today by the figures we are now examining and put forward by the minister in his report on supply for the fiscal year ended March 31, 1958.

Mr. Fleming (Eglinton): Mr. Chairman, that statement cannot be allowed to pass without reply. The fact is we are dealing here with the estimates of the Department of Public Works. The construction program to which the Prime Minister made reference

on the occasion to which my hon. friend has alluded related to the total construction program of the government embracing all departments.

Mr. McIlraith: That is right.

Mr. Fleming (Eglinton): Some of the very large expenditures in those figures the Prime Minister gave came from departments other than public works.

Mr. Benidickson: Mr. Chairman, I think this is an interesting point because it did obtain widespread publicity in February after a certain use was made of certain figures given by the Prime Minister that involved public works expenditures. The Minister of Finance a few moments ago when he was referring to the lapsing that resulted from this vote of about $3 million indicated that the vote itself was a large one. The vote was prepared by the previous administration.

Mr. Fleming (Eglinton): No.

Mr. Benidickson: For 1957-58? There is no addition here; in fact, there is a reduction in the total expenditure made in 1957-58, as compared with what was asked for by the administration that came in in June, and the amount that was asked for in the estimates.

Mr. Fleming (Eglinton): My hon. friend is overlooking the fact that items were added in the supplementary estimates that the new government introduced.

Mr. Benidickson: Oh, there were some supplementary estimates but I think all hon. members well know that supplementary estimates are not to be regarded in any way in the same manner as original estimates for the year round planning of administration. I have before me the estimates for 1958-59 and I agree they are not particularly relevant in discussing 1957-58, except that in each year it is customary in preparing the book of estimates to provide a summary of standard objects of expenditure and special categories. Under buildings and works, including land, column 13 of the new table, an over-all figure is given for the construction and for acquisition of buildings and works, including land, of all departments including public works. I can repeat my point when we come to some of the departments that are to follow. Actually, here is a lapsing of $3 million in public works. On December 6, the minister said that nothing would be allowed to lapse if it could possibly proceed, because of unemployment conditions. Here in public works there is a lapsing of $3 million. I accept his explanation that this is $3 million out of a very large appropriation, but the appropriation was basically provided by the previous administration. In the main estimates, under column 13, for 1957-58, which we are now discussing, the total for all departments was $374,442,000. The main estimates of the new administration prepared for 1958-59, with unemployment continuing and the administration being very impressed by it as a result of the election activity we all had throughout the country in recent months, provides an increase of only $6 million.

The next comparable item would be purchases of equipment by the government. I refer to construction or acquisition of equipment in column 16 of this summary of standard objects of expenditures and special categories. In the main estimates under this category the previous administration for 1957-58 provided for an expenditure of almost $549 million. The proposals for the current year in the main estimates are almost $548 million, just about the same thing, and conditions at the time of preparing this estimate were entirely different. If as we proceed we keep this debate in mind we will find in the transport department a substantially larger lapse in expenditures on airports and construction of that kind which would have been very worthwhile last winter because of the unemployment situation. We will find under loans and advances even more considerable sums but as long as the administration continues to assert that in the matter of providing public works in tough times it is doing something different from which the previous administration planned to do in December, 1956, when they were fighting inflation I think the time of the committee is well spent in pointing that out.

Mr. Pearson: Yes, Mr. Chairman, I just wish to add one word. This does, I think, pretty well burst the bubble of the more than $280 million crash program of public works for unemployment until March 31 of this year. A very important part of that program was obviously construction work and in the Department of Public Works we find there is a reduction in this appropriation of some $2¾ million. If you look forward to another item in the report on supply you find construction, airways, air fields and buildings and that sort of thing, and there is a reduction of $4 million. There are others but they do all throw the spotlight of truth on those exaggerated statements of last February and March about this $280 million crash program of public works for unemployment.

The Chairman: Shall general administration carry?

Mr. Hardie: Can the minister give me an explanation of the cuts under item 649? There is a cut of 34 per cent, from $539,000 to $393,000.

Mr. Fleming (Eglinton): Less progress was made on the project, Cambridge bay, Northwest Territories wharf than was anticipated to the extent of some $70,000, and it was found for the time being no dredging would be required at Tuktoyoktuk to the extent of $130,000.

Mr. Hardie: Is that the total of the cut?

Mr. Fleming (Eglinton): Yes; the total of the two items is $200,000. The first one I mentioned was $70,000 and the second one $130,000.

Mr. Caron: Will the minister explain the cut in the Quebec harbours item?

Mr. Fleming (Eglinton): There is a group of items there, five in all, where progress was delayed or suspended for various reasons.

Mr. Caron: The reasons are not given for that?

Mr. Fleming (Eglinton): I can give them.

Mr. Caron: Give us the reason.

Mr. Fleming (Eglinton): Very well; if my hon. friend wishes the details I shall be glad to give them to him. The first was the "Little Cascapedia river; dredging—federal government's share of cost". The Bathurst Power and Paper Company declined to share in the project because no booming ground waterlot could be obtained. That accounts for $132,000. The second was "Pointe au Pere; towards wharf improvements". Further planning prior to construction was decided upon during the year, with the possibility of combining improvements in a winter port. That accounted for $70,000.

The third was "Riviere du Loup—toward wharf improvements". Detailed borings indicated benefits would not justify the expenditure. That was $50,000. On the fourth, "Rimouski dredging" the contractor's plant was engaged elsewhere longer than was expected and the work was not proceeded with to the extent of $128,000. On the fifth item, "Sept Isles, towards wharf" delays in securing part of the site prevented the construction costs from requiring the amount provided to the extent of $245,000.

The Chairman: Shall public works construction and services carry?

Mr. Fisher: I have one question. Can the minister tell me how much was spent over and above what had originally been estimated for the dredging of the Fort William harbour?

Mr. Fleming (Eglinton): What item is my hon. friend inquiring about?

Mr. Fisher: Harbours and rivers, engineering services.

Mr. Fleming (Eglinton): My hon. friend will appreciate that the figures we are dealing with here are figures of estimates and not figures of actual expenditure. The figures of actual expenditure will not be available until these accounts have been closed with the passage of the present bill and the auditor has completed his audit. They will be in the public accounts for the year 1957-58.

Mr. Fisher: I just wanted to know what the estimate was. I know they extended the contract because the estimated amount had been used up and I wanted to know the extent of the extension, if I may put it that way.

Mr. Fleming (Eglinton): I will endeavour to obtain that information and communicate it to my hon. friend.

The Acting Chairman (Mr. Chown): Shall harbours and rivers engineering services carry? Shall development engineering services carry? Shall public works, general, carry? Shall Central Mortgage and Housing Corporation carry? Shall Royal Canadian Mounted Police carry?

Mr. Benidickson: With respect to items 405 and 703 there is a reduction of $275,000, not a large amount. These items refer to the government's contribution to the Royal Canadian Mounted Police pension account. Surely this was not one of the things with respect to which the minister set out to economize. I imagine there is a set formula for our obligation to contribute to this fund. This is one of the items, together with many other illustrations tonight, that is part and parcel of the $73.6 million which the government claims represents the avoidance of extravagance and economy on their part. How does this come about? Were there fewer personnel on the staff in the year and consequently not the same need for contributions?

Mr. Fleming (Eglinton): No. My hon. friend will see that the item arose in connection with the issuance of the governor general's warrant, and it was not found at that stage that it was necessary to appropriate within the terms of the Financial Administration Act in relation to governor general's warrants.

The Acting Chairman (Mr. Chown): Shall Secretary of State carry? Shall trade and commerce, general administration, carry? Shall exhibitions carry? Shall standards branch carry? Shall dominion bureau of statistics carry? Shall board of grain commissioners carry? Shall special carry? Shall transport, department, carry? Shall canal services carry? Shall marine services carry?

Mr. Benidickson: With respect to item 450, contract dredging including acquisition of

land for ship channel improvement, St. Lawrence river ship channel service, there is a saving of $400,000. Has this program, which I understood was to run over a period of years, come to a halt or is this another deferment, something that will be incurred in a subsequent year?

Mr. Fleming (Eglinton): Work was not proceeded with in 1957-58 to the extent of $400,000.

The Acting Chairman (Mr. Chown): Shall railway and steamship services carry?

Mr. Benidickson: I wish to refer to item 465 having to do with the Maritime Freight Rates Act. When we were dealing with the estimates of the Minister of Transport the other night he indicated to us that this $1,200,000 is not a permanent saving but simply an awareness a month or two before the end of the fiscal year that traffic throughout the year had gone down and consequently the obligatory subsidy under statute was not likely to be required from the administration to the same extent. This is another one of those items that contribute to the so-called, pretended saving of $73.6 million.

Mr. McIlraith: With respect to item 468 I want to point out to the committee that this is another of these construction items which were supposed to be so sharply increased. The facts as revealed here are that the amount provided in the estimates was not expended by some $725,000. It is another example where, instead of the amount estimated being sharply increased, there was a shortfall.

Mr. Fleming (Eglinton): Yes, for a very good reason. Construction work proceeded more slowly than was anticipated due to the conditions of muskeg and rock that were encountered.

Mr. McIlraith: This once again illustrates that the statements made by ministers about sharply increasing construction were not correct.

Mr. Fulton: We have an example of spending money on muskeg in Hull. Do you want more?

Mr. McIlraith: They were not in accordance with the facts. They were not able to sustain the estimated construction and works program.

Mr. Fleming (Eglinton): My hon. friend can make these statements but his assertions do not mean that what he is saying is true. On the contrary, Mr. Chairman, I think the statements he has attempted to controvert have been confirmed. In this particular case there would have been a larger use of the funds proposed to be appropriated in the estimate had the conditions to which I have referred not been encountered. Surely there is no ground for complaint that more of this amount was not expended when the reason for its not having been expended to a greater extent is the reason I have given.

Mr. McIlraith: The reasons the minister has given for its not having been expended are quite true and anyone knowing anything about the construction business would understand them precisely.

Mr. Fulton: You are beginning to learn after the printing bureau.

Mr. McIlraith: What these figures do point out is that the statements made by the Prime Minister and his colleagues to the country in February and March of this year were not in accordance with the facts. These figures now reveal what the construction program that took place in the first three months of this year really was and the statements made forecast a very much increased construction program during those three months.

Mr. Caron: Under items 465 and 668 there was a saving of $1,200,000 with respect to the Maritime Freight Rates Act. Is this saving the result of reduced trade in the maritime provinces?

Mr. Fleming (Eglinton): That item was dealt with, Mr. Chairman. The payments are statutory.

Mr. Pickersgill: I do not think that heading was carried.

The Chairman: Shall railway and steamship services carry? Shall general carry? Shall pensions and other benefits carry? Shall air services carry?

Mr. Pickersgill: I notice there is an item here, 483, with a reduction of $313,000. Could the minister tell us about that?

Mr. Fleming (Eglinton): You are a bit ahead of us.

The Chairman: We have not reached that particular item yet. Shall telecommunications division carry? Shall meteorological division carry?

Mr Pickersgill: The item I was speaking about comes under this heading.

Mr. Fleming (Eglinton): With respect to item 483, a reduction of $313,000, due to the remoteness of the location the installations which were provided for by this item could not be proceeded with until spring.

Mr. Benidickson: I am an item behind I want to raise a question on this $1 item.

Mr. Fleming (Eglinton): Item 480.

Mr. Benidickson: Has anything taken place since the end of the fiscal year with respect to this?

Mr. Fleming (Eglinton): This is an item that contemplates the operation of the system referred to in it. It is one of these $1 items—

Mr. Benidickson: With whom have we an agreement?

Mr. Fleming (Eglinton): —by which parliament is made aware of the operation and authorizes the carrying on of the operation involving the receipt of revenues and the making of disbursements.

Mr. Benidickson: This authorizes a lease, does it not, to a private enterprise of a telephone system that was created out of public funds; is that right? If so, who is the present operator and how long has this lease been current?

Mr. Fleming (Eglinton): I understand that there was nothing new entered into in this respect for the fiscal year 1957-58, Mr. Chairman, but if my hon. friend wishes me to be precise about it I shall look that up and supply him with more detailed information.

Mr. Pearson: I am interested in this item 482, 863 and 483. The minister has said in relation to what had been put in the estimates by the previous government for the construction of meteorological buildings in northern Canada, that it has not been possible to spend all this money because of the remoteness of the area. Was this money being spent for the construction of new Canadian meteorological stations in the Arctic, manned by Canadians, which would make it possible for us to take over some of the stations now manned by the United States? Does that explain the saving?

Mr. Fleming (Eglinton): If my hon. friend will permit me, I shall have to obtain information to deal with the matter and communicate it to him. My information on that point is that the work on the installations, by reason of the remoteness of the location, had to await the arrival of spring before it could be proceeded with.

Mr. Hardie: I wonder if the minister could tell us what locations those were?

Mr. Fleming (Eglinton): No, I cannot.

The Chairman: Shall civil aviation division carry?

Mr. Pickersgill: There is a $4 million saving here?

The Chairman: Shall this item carry?

Mr. Pearson: Perhaps the minister could explain this saving of $4 million in the construction and acquisition of buildings.

Mr. Fleming (Eglinton): Mr. Chairman, this item 487, together with two other items 768 and 865 comes under the heading, airways and airports. Included in the final supplementaries is a transfer from the land account to a capital vote. Legislation, however, was required, and so it was deleted when the warrant was required.

Mr. Pickersgill: This does not represent any saving, at all?

Mr. Fleming (Eglinton): It depends on what you mean by saving, I suppose.

The Chairman: Shall air transport board carry? Shall board of transport commissioners carry? Shall Canadian maritime commission carry?

Mr. Pickersgill: I wonder if the minister expects to make any saving on this item now that the merchant marine has been liquidated?

The Chairman: Shall national harbours board carry? Shall veterans affairs carry?

Mr. Benidickson: Under veterans affairs there are two large items of reductions which come to about a million and a half dollars, one involves hospital construction. Is that a deferment also? I am referring to item 502. Then on item 507 there is a saving of $750,000 with respect to war veterans allowances. Was that merely foresight on the part of the department, three months before the end of the year, that commitments under the statute had not been as much as they were represented to be?

Mr. Fleming (Eglinton): On item 502, $700,000, I may say that certain construction projects had not proceeded as rapidly as had been expected, in some cases due to lateness of tenders and in other cases to delays caused by strikes.

In the case of item 507 and the related item 669, war veterans allowances, I may say that the requirements are determined by earnings. The statistical forecasts of the effects of two amendments to the legislation made during the year were not borne out.

Mr. Benidickson: I made some reference to this earlier. I am sure my hon. friend would give us the assurance that he did not, when he was looking for economies, go to the Minister of Veterans Affairs and ask him to be tougher on these applicants for veterans allowances in order to save this $750,000?

Mr. Fleming (Eglinton): My friend is not flattering in asking a question like that.

The Chairman: Shall war veterans allowances and other benefits carry? Shall miscellaneous payments carry? Shall Canadian pension commission carry? Shall soldier settlement and Veterans Land Act carry? Shall terminable services carry? Loans, investments and advances; shall atomic energy of Canada limited carry?

Mr. Pearson: I wonder if the minister would explain this saving of $7 million which surely must be a deferment rather than a saving.

Mr. Fleming (Eglinton): Both with respect to items 524 and 525, the N.R.U. reactor did not begin to operate as early as was expected, and consequently the requirement for working capital to purchase uranium for fuel was considerably reduced.

The Chairman: Shall defence production carry? Shall external affairs carry?

Mr. Pearson: I must call the attention of the committee to a saving under the Colombo plan authorization of $10 million. This is extremely interesting because this $10 million is a very sizeable proportion of the total amount which is supposed to have been saved under these estimates. Yet, while we have this so-called $10 million saving here, we have the government taking credit, and quite rightly, for an increase of $10 million in the Colombo plan this year.

Mr. Fleming (Eglinton): It was under this item that a loan was made to India of $25 million. The balance was not taken up prior to March 31, 1958.

Mr. McIlraith: This means once again that the wheat that was not shipped in the last year will be shipped this year, is that it?

Mr. Fleming (Eglinton): No, I did not say that. The provisions for shipment under the agreement with India required the shipments to be completed—I am speaking now from memory—by the end of June and certainly before the close of the 1957-58 crop year.

Mr. Pearson: That is quite right, but the fact was that in the previous estimates there was provision made for $35 million for Colombo plan—

Mr. Fleming (Eglinton): No, with respect, that was an item that was introduced in the house by further supplementary estimate introduced by the new government, and not the old government.

Mr. Pearson: Whoever introduced it, Mr. Chairman, it is a $10 million saving, and boasted as such by my hon. friend, and it is also a $10 million extra amount in this year's Colombo plan amount and boasted as such by the government as an increase. You are getting it both ways.

The Chairman: Shall penitentiaries carry? Shall national defence carry? Shall northern affairs and national resources carry?

Mr. Pickersgill: Can the minister tell us for what purpose this item 873 was used?

Mr. Fleming (Eglinton): The item describes its purpose. There is no difference here between the supply provided and the estimate. It is an item provided for advances in accordance with agreements entered into or to be entered into pursuant to the Atlantic Provinces Power Development Act.

Mr. Pickersgill: I recognize that.

Mr. Fleming (Eglinton): We have been all over that subject, have we not?

Mr. Pickersgill: I am asking the minister for what were these advances made, for Beechwood or for the thermal plants?

Mr. Fleming (Eglinton): This was for the transmission lines, not the Beechwood project.

The Chairman: Shall privy council, federal district commission, carry? Shall public works, Central Mortgage and Housing Corporation, carry? Shall transport, St. Lawrence seaway authority carry?

Mr. Pearson: This is a reduction of $9 million in connection with the St. Lawrence seaway authority. I think all members of the committee know that this is a special project mentioned by the Prime Minister to provide, through public works, extra employment. I now notice that the amount has been reduced by $9 million, and perhaps the minister would explain that.

Mr. Fleming (Eglinton): I think it is quite obvious to fairminded people. It does not require very much explanation. Something like 90 per cent of the amount which was in the estimate was employed so that this is not a very serious retardation of the work under contemplation when the estimate was written. The progress of the work was to a very minor degree slower than was anticipated.

The Chairman: Shall canal services carry? Shall air services carry? Shall the national harbours board carry? Shall veterans affairs, soldier settlement and Veterans Land Act carry?

Shall the schedule carry?

Mr. Benidickson: May I just make a comment while we are concluding discussion of the schedule. I think we have gone over this

quite exhaustively and have all convinced ourselves, as I said when I was speaking when Mr. Speaker was in the chair, that it is doubtful that a businesslike bill of this kind should be introduced accompanied by features such as purple words and big explosives which turn out to be pretty blank cartridges respecting savings. I say this because when one examines the minister's claim of savings of $73.6 million, such as has been made, we find how phony was this claim and that in the last quarter of the year 1957-58—

Mr. Fleming (Eglinton): Mr. Chairman, is this relevant to the last item? My friend is speaking of shots and cartridges, but this sounds like a pretty blanket charge.

Mr. Pearson: Or blank charge?

Mr. Benidickson: We have been discussing the schedule and Canadian Arsenals and I thought it might be appropriate—

Mr. Fleming (Eglinton): My hon. friend has had a couple of opportunities to speak generally, and this is not the time for a general discussion.

Mr. Benidickson: Just in conclusion, Mr. Chairman, I think the minister will be convinced that the passage of a bill of this kind if it were not introduced, as I say, with purple words such as those with which he introduced this bill and with references to savings which were, we now find, pretences and are really mostly deferments and not real savings at all—

Mr. Fleming (Eglinton): There were no purple words and no pretences. The information given to the house was all factual, and I do not think my hon. friend can remember, as I can certainly not remember, when this house was given more information—

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): —with respect to any supply motion than that which we have had today and that which is contained in the report on supply.

Schedule agreed to.

Preamble agreed to.

Bill reported.

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of the bill.

Hon. L. B. Pearson (Leader of the Opposition): Before this bill is carried, may I just point out that for two hours, and only for two hours, we have been discussing governor general's warrants totalling about $540 million. That is all the consideration we have been permitted to give this bill because of the circumstances under which we have discussed it.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Pickersgill: The minister is not permitted under the rules to speak on third reading, sir.

An hon. Member: What kind of a new rule is this?

Mr. Pickersgill: I am going to insist on a point of order.

An hon. Member: Closure.

Mr. Pickersgill: Oh no, it is the rule.

Mr. Fleming (Eglinton): I simply wish to make one comment on one expression used by the hon. gentleman.

Mr. Pearson: Out of order.

Mr. Fleming (Eglinton): He said that two hours was all the time which the house had been "permitted" to devote to the consideration of the estimates.

Mr. Pearson: That is right.

Mr. Fleming (Eglinton): There has been no limitation whatever imposed upon the house or upon any member of it in relation to consideration of this measure, which was before the committee on two occasions in the resolution stage and it has been before the committee today—

Mr. Pickersgill: Surely the minister has no right to make a speech.

Mr. Fleming (Eglinton): There has been no attempt to restrict the freedom of this house to discuss this measure.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Pearson: On division.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if I might ask the house leader what is proposed for tomorrow?

Mr. Green: Tomorrow we shall take item No. 2 on today's order paper, consideration of amendments made by the Senate to the taxation of estates act; then we will take item No. 4, which is second reading of a bill to amend the Customs Act, and then item No. 6, second reading of a bill to amend the Canadian Citizenship Act.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on August 4.

HOUSE OF COMMONS

Tuesday, September 2, 1958

The house met at eleven o'clock.

NATIONAL DEFENCE

ANNOUNCEMENT OF UNIFICATION OF CHAPLAIN SERVICES

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, on August 25 I announced that a decision had been reached to combine the medical services of the navy, army and air force into one unified medical service.

A further step is now being taken in the integration of the armed forces. In future the spiritual welfare of the navy, army and air force will be directed by a Protestant chaplain general and a Roman Catholic chaplain general instead of by six principal chaplains. They will be appointed shortly and will hold the rank of brigadier or equivalent. There will be a single headquarters of the chaplain service in Ottawa, five area command headquarters in Canada and one in Europe.

In reaching this decision I have consulted with the Canadian council of churches and the Roman Catholic bishop ordinary to the Canadian armed forces. I am satisfied that this is another step which will result in greater efficiency and economy.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—SUGGESTED PROCEDURE RESPECTING LEGISLATION

On the order:

Introduction of bills—The Prime Minister—Bill intituled: An act for the recognition and protection of human rights and fundamental freedoms.

Right Hon. J. G. Diefenbaker (Prime Minister): I ask that this order should stand, Mr. Speaker. So that the house may have some idea when this matter will be brought up, I suggest, if it is agreeable, that it be dealt with on Friday morning.

UNEMPLOYMENT INSURANCE

VANCOUVER—STATEMENT ON PAYMENT OF BENEFITS TO LOCKED OUT ELECTRICIANS

On the orders of the day:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member for Vancouver East yesterday raised a question regarding a decision that was handed down in a Vancouver court in regard to a dispute in which were involved members of the international brotherhood of electrical workers, local 213, and asked whether because of that decision they would be entitled to unemployment insurance.

I have checked with the department on the ruling in this regard, and the answer is that the question of whether a stoppage of work arising from a labour dispute is legal or illegal has no bearing on the payment of unemployment insurance benefits. No consideration whatsoever is given to the merits or demerits of the matter in dispute. According to the Unemployment Insurance Act, a person who loses his employment because of a stoppage of work due to a labour dispute is disqualified from the receipt of benefit for the duration of the stoppage of work unless he can prove that he is not participating in, or financing or directly interested in the dispute that caused the stoppage of work, and that he does not belong to a grade or class of workers any of whom are participating in, financing or directly interested in the dispute.

Mr. Winch: That does not make sense.

Mr. Starr: It means that unemployment insurance is not available to these persons.

Mr. Winch: It does not make sense if they are illegally locked out.

UNEMPLOYMENT ASSISTANCE

QUEBEC—INQUIRY AS TO FEDERAL PAYMENTS LAST YEAR

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to address a question to the Minister of Labour. Would the minister inform the house if during the course of last year unemployment assistance in federal funds has been paid to the province of Quebec in respect of unemployable persons not qualifying for unemployment insurance?

Hon. Michael Starr (Minister of Labour): I am not able to answer that question without investigation. I will make inquiries and convey an answer to the hon. member.

HEALTH AND WELFARE

STANDARD OF TREATMENT OF MENTALLY ILL

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I wish to direct a question to the Minister

of National Health and Welfare. With reference to the minister's statement in the house on July 15, at page 2240 of *Hansard*, concerning the care of the mentally ill through the hospital insurance and diagnostic services program, can the minister tell the house what facilities for the treatment of the mentally ill have been provided or are contemplated under this scheme in the general hospitals of the provinces which have entered the hospital insurance plan as of July 1?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question, which refers to part of a statement I made in the house on July 15 last.

In referring to psychiatric wards in general hospitals I had in mind the generally accepted concept of this relatively new development, namely that they are units within a general hospital specially designed for the short-term care of mental illness. To date these units have been limited to teaching hospitals and large general hospitals, because they require highly skilled specialist supervision, and are presently being assessed in terms of the over-all mental health program in many of our provinces. These wards are not separately identified in the list of hospitals annexed to agreements signed by the provinces under the Hospital Insurance and Diagnostic Services Act, as they are considered to be integral parts of these hospitals.

I realize, Mr. Speaker, that the hon. member's question refers to the provinces which have entered the hospital insurance plan as of July 1, but I thought the above might help to clarify this matter. With regard to these provinces, a complete reply could only be provided after consultation with each province. However, the assistance provided under the health grants for the development of psychiatric wards in general hospitals will give a fairly good appraisal of the situation. This source would indicate that there are psychiatric wards in at least ten general hospitals in these provinces. I believe these wards usually contain 20 to 40 beds.

Future development will depend on a number of factors, including the priority placed by the individual provinces on these services, which in turn will depend on continuing appraisal as to their relative value as compared to other aspects of the mental health program. In order to assist with this appraisal I have asked my advisory committee on mental health to place the subject on the agenda of its next meeting and report the results of the discussion to me.

[Mr. Cardin.]

TRADE

REPORTED VISIT OF JAPANESE FOREIGN MINISTER

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I regret not having an opportunity to give him notice, but from the nature of the question probably he will be able to answer it in any event. I want to ask him if the Japanese foreign minister is coming to Ottawa, as reported in the press this week, to discuss mainly trade matters. If so, would the minister give us any information he feels he can about the particular trade matters to be discussed?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, we are looking forward with anticipation to the visit of the foreign minister of Japan. He will be very welcome. The subjects that will be discussed when he is here I think will cover subjects other than matters affecting trade, but I would judge that we could have extremely useful conversations with him concerning trade between our two countries.

Mr. McIlraith: A supplementary question, Mr. Speaker. Are there any special trade matters that could be described as the purpose of his visit as far as our Canadian minister is concerned?

Mr. Churchill: Mr. Speaker, I have no knowledge of the general purpose of the visit of the Japanese foreign minister. He arranged for the visit. We will welcome him and discuss any matters of mutual concern.

Mr. McIlraith: Thank you.

EXTERNAL AFFAIRS

ICELAND—SUGGESTED REFERENCE OF FISHERIES DISPUTE TO UN GENERAL ASSEMBLY

On the orders of the day:

Mr. John Pallett (Peel): Mr. Speaker, may I direct a question to the Prime Minister. I wonder if the Prime Minister would be kind enough to inform the house as to the present position of the Icelandic-United Kingdom dispute with relation to the 12-mile limit, and also whether consideration has been given to placing the question on the agenda of the United Nations general assembly for discussion at its session?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. member was kind enough to give me notice of his intention to ask this question. Canada keenly

hopes that the NATO countries concerned in the Icelandic fisheries dispute will continue to try to resolve their differences and come to an understanding at this time pending the convening of a new international conference on the law of the sea, which we hope will be held at the earliest possible date.

It goes without saying that all NATO members and in fact all peace-loving countries should encourage the settlement of this dispute by peaceful means. There has been a suggestion that the Danish government has proposed a meeting to be attended by 15 NATO countries. Whether or not that will be achieved, I do not know.

However, with respect particularly to the question of the hon. gentleman that the general assembly take up this matter, it is already planned that the assembly will consider in a very short time—perhaps before the end of this month, and in any case during the course of this forthcoming session—the desirability of having a new international conference on the law of the sea convened. Canada intends to give its full support at the general assembly to the convening of such a conference and to take the initiative, if necessary; because we are hopeful that in such discussions a permanent solution can be found not only of the particular fisheries dispute as between Iceland and the United Kingdom but of the world-wide question of the breadth of the territorial sea and the coastal states' rights to the contiguous fishing zone.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask a supplementary question of the Prime Minister. Is it a fact, as reported, that the Icelandic government itself has already requested that this unfortunate dispute be put on the agenda of the forthcoming United Nations general assembly? If that is so, would it not be desirable to make perhaps a prior ministerial effort to settle this matter in the NATO council?

Mr. Diefenbaker: In so far as the NATO council is concerned, I think a day or so ago the minister mentioned in the house that NATO had not afforded a successful conclusion to this dispute. I think it is admitted that it is really up to the parties to the dispute themselves to come to a solution. While NATO itself has, of course, an interest, as have all countries, in the peaceful settlement of this dispute, it is doubtful whether the problem itself can be regarded as specifically a NATO problem and one for which NATO can provide a solution. The dispute is, as the hon. gentleman knows, essentially a world-wide problem with world-wide implications, and it is for this reason that Canada put its confidence and faith in the possibility of having another international conference at an early date, at which all countries of the world could work out a solution of the question of fishing rights. In the meantime, I believe the proper course is to have the matter dealt with at the United Nations, and under its aegis a decision made for the convening of such a conference.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the suggestion that this matter be referred to the United Nations is an excellent one, particularly in view of the great success the United Nations general assembly has had recently in settling another very difficult dispute. On the principle of the question, I wonder whether I can ask the Prime Minister to say what Canada's general position is toward the 12-mile territorial limit, whether Canada has agreed that if that can be arranged by international agreement it is the preferable thing to do?

Mr. Diefenbaker: Well, Mr. Speaker, as to Canada's general position, that was made very clear at the time of the conference at Geneva. It would require quite a lengthy answer to give the details. Canada's stand was made very clear at that time and, as the hon. gentleman knows, there was for a time the belief that the views held by Canada in this regard would be generally accepted. However, as the conference proceeded divisions arose which made it impossible to bring together the various elements. When a new conference is convened, then we can at least hope that by building on the results at Geneva and the degree of unanimity that was attained there, there will be a higher hope for success than was apparent in the last few days of that conference.

Mr. Argue: Can I take from the Prime Minister's statement that Canada's initial position at any rate would be in support of the 12-mile limit?

Mr. Diefenbaker: Well, Mr. Speaker, Canada's position was one of divergence from the general principles that were acceptable to one or two nations. We endeavoured to arrive at an intermediate position, as the hon. gentleman knows, without binding ourselves to the 12-mile territorial limit or any other broad limit.

Mr. Winch: Do not deviate from a good principle today.

Estate Tax Act

TRANSPORT

GREAT LAKES PILOTAGE—REPORTED U.S.-CANADIAN DISCUSSIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Transport. My question stems from a story in the *Globe and Mail* of this date to the effect that discussions between Canada and the United States are already under way at the state department level on the great lakes pilotage agreement. Has the minister any information to give the house on this matter from his department's viewpoint?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for advising me of his intention to ask this question. There are no discussions at the state department level going on at the present time. We hope that such discussions will take place, but no final arrangements have been made yet.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR REPORT ON CONCLUSIONS OF RECENT CONFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, can the Minister of Labour give the house an assurance that the report of the conference on winter employment will be submitted to the house before the end of the session?

Hon. Michael Starr (Minister of Labour): Yes; I am expecting to table the report tomorrow.

ESTATE TAX ACT

NEW BASIS FOR ASSESSMENT OF SUCCESSION DUTIES

On the order:

Consideration of amendments made by the Senate to Bill No. C-37, an act respecting taxation of estates.—The Minister of Finance.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the Senate has returned Bill No. C-37, an act respecting the taxation of estates, to the house with eight amendments. I may say, Mr. Speaker, that a situation in which there may be differences between the two houses is of a nature which has not arisen in the experience of parliament since 1947.

I may remind hon. members that the eight amendments are to be found in *Votes and Proceedings* of the house for Thursday, August 28, at pages 512 and 513. Of the eight amendments seven are perfectly acceptable so far as the government is concerned, and the Senate committee on banking and commerce was so informed. Indeed, those seven amendments were requested on behalf of the Minister of Finance in that committee. In each case they are amendments that clarify the provisions of the bill or enlarge the rights of the taxpayers. They relate to such matters as the lien on real property for unpaid estate tax and other matters, which in each case I trust will be acceptable to the house.

There is, however, one of these amendments which I should like to discuss now and which I may say the government hopes the Senate and the house will both choose to reject on further consideration. It is the fourth of the amendments and is to be found on page 512 of *Votes and Proceedings*. It proposes to add certain words to clause 26 of the bill, which is in that part of the bill relating to the determination of value. That clause now reads as follows:

For the purposes of this part, in determining the value of any property no allowance or deduction shall be made for or on account of income tax.

That provision, or one to precisely the same effect, has been in the Dominion Succession Duty Act for years. The provision in the present succession duty act is section 34, subsection 3 and it reads as follows:

The fair market value of all property shall be determined for the purposes of this act without allowance or deduction for income tax.

So it will be quite clear that clause 26 of the bill simply continues the legislation that has been in effect for years under the provisions of the succession duty act. But the amendment which has been proposed by the Senate would add to the words of clause 26 of the bill the following; after the words "income tax" there would be inserted a comma, and the following words added:

—except where a superannuation or pension benefit is taxable under the Income Tax Act.

It is obvious that this amendment will introduce a change so far as the law in the Dominion Succession Duty Act is concerned. It is obvious also that it is intended to make a special rule in respect of benefits received from superannuation or pension. It would say, in effect, that where the present value of such a benefit is being reckoned to determine its capital value for estate tax purposes, some attempt would be made, in a manner not disclosed clearly by the amendment, to deduct what might be thought to be the income tax that might be levied upon all such benefits in the future years during which such benefits might be payable. This is done on the theory that in this way relief is extended from what is said to be double taxation.

I simply point out, Mr. Speaker, that this is a new theory. The estate tax and the income tax are two entirely different taxes,

and it cannot be said that there is any double taxation where any benefit is subject to two entirely different taxes. That certainly is not the accepted idea of what is meant by double taxation.

I point out, Mr. Speaker, that if this amendment were adopted it would have the effect of relieving from the estate tax what is considered to be the liability for income tax in future years of a particular class of property that passes on the death of a person.

In that respect, in my respectful submission, Mr. Speaker, it would create a discrimination. Whatever may be the arguments about it in general, I think it is inescapable that this would create a discrimination in favour of a particular type of property.

I might point out to the house as well, Mr. Speaker, that no such relief or deduction is permitted under the laws of the United States, nor is there a precisely similar deduction permitted from estates or exemption granted under the laws of the United Kingdom. The United Kingdom allows a concession—what would be from our point of view a very slight concession—by simply exempting the first £52 per year of a pension from estate tax. That would be the equivalent today, Mr. Speaker, of something like $145, and according to the standards of this bill, with the very generously enlarged exemptions which it creates, could not be regarded as a very serious concession.

The second point I should like to make is that the benefits of any such amendment, if it were administratively workable at all, would deprive the treasury of certain revenue, and the benefit of that reduction in revenue would accrue to a relatively small number of larger estates. In our approach to this broad question of what might be done in reference to different types of suggestions which have been put forward by many organizations in regard to small exemptions which might be awarded here and there, we felt it was better to put exemptions on a broad basis and to enlarge general exemptions. In our opinion that is not only an equitable approach to the problem, but from the point of view of reducing the burden of estates tax, particularly tax on estates of a smaller size, is a much more generous approach.

Under this bill I might remind hon. members that the legislation affects only those Canadians who have accumulated a significant amount of wealth under the protection of the state. No estate of $50,000 or less is taxed, and where there is a widow with dependent children allowance is made accordingly. For instance, a widow with three dependent children will have an exemption of $90,000 to begin with, and if she has four dependent children there is an exemption of $100,000 to begin with. Even under the present Dominion Succession Duty Act there are only about 4,000 estates per year which are subject to succession duty, so that only about one death in 33 gives rise to a taxable estate. Under the new bill the proportion of taxable estates will be still less. Moreover, only a portion of those taxable estates will contain superannuation or pension benefits, so I think the impression should not be left anywhere that this proposed amendment would benefit those who are in serious need.

The third observation I should like to make upon the amendment is that it is vague in its meaning and, from the administrative point of view, quite unworkable in its effect. It proposes that in valuing a superannuation or pension benefit, the value to be assigned to it is to be reduced by what may be thought to be the income tax on those superannuation or pension payments as they are made. It will at once be clear that this kind of amendment assumes that it will be possible on the date of death to make a calculation of what will be the future income tax payable on the pension or superannuation payments. There is no indication in this proposed amendment as to how that is to be done.

When I appeared before the Senate committee on banking and commerce, some suggestions were made about how one might write into the language of the act methods of determining that future income tax liability for the purpose of deducting it from the capital value of the superannuation or pension right at the date of death; but nothing emerged from this discussion, and nothing is contained in this proposed amendment to give any indication as to how that income tax liability is to be calculated. It assumes that the rates of income tax are going to continue to be uniform throughout the period of years during which the superannuation or pension is payable; and it would, I take it, also assume uniformity of income on the part of the recipient of the superannuation or pension benefit. How those assumptions can be made I do not understand.

Then there is a further practical difficulty, and it is one which should not be overlooked. In calculating income tax is it to be assumed that the annuitant or pensioner has no other income? There are certain exemptions accorded by the Income Tax Act to everyone. Are those exemptions to be deducted from the assumed income tax liability reckoned on the assumption that the income from the superannuation or pension benefit is the only income of the recipient of the superannuation or pension? If it is not to be calculated on that basis, then on what basis of assumed income on the part of the recipient are we to proceed? Are we to assume that we are going to tax for income

tax purposes all parts of the income of the recipient of that superannuation or pension benefit equally, that is to say, is it going to be a pro rata calculation, or are we to assume that the income from the superannuation or pension benefit is either the bottom slice or the top slice of the recipient's income?

It is quite obvious that there is no guide whatever in this proposed amendment to indicate how the Department of National Revenue is to proceed in these matters. In this amendment there is simply nothing to define the basis upon which the calculation of assumed income tax is to be made. I am therefore obliged to say that this amendment, contriving as it purports to provide a new basis of calculation of capital value of these benefits, is quite unworkable. If it were enacted today one would simply not know how to go about putting it into effect.

In conclusion may I simply say that the problem of how most equitably to tax superannuation or pension payments in respect of their capital value at the date of death is a difficult matter. It is a matter which engaged our attention very fully before the bill was first introduced, and on it we received not only a large number of representations but I might say also the greatest variety of representations. There have been more representations on this subject in point of number than there has been agreement on the way in which this problem should be met, and we considered that in all the circumstances the most equitable way to proceed was to carry into the new bill the provisions of the present Dominion Succession Duty Act in this respect.

I may say that there is no finality to any tax legislation. Legislation of this kind must be constantly under review. I indicated in appearing before the banking and commerce committee of this house, as I did when I appeared before the banking and commerce committee of the Senate, that it is the government's intention to continue to bring under review this new legislation, when adopted, as well as other taxing legislation. There will always be differences of opinion as to the fairest and most equitable way in which to write the detailed provisions of taxing legislation. There is no finality to any such legislation. The Income Tax Act is a very good example. It was completely revised and codified in 1949, and every year since that time large numbers of amendments have been introduced.

While we believe that the present bill is a good bill and a major advance over the legislation in the present Dominion Succession Duty Act, I am quite prepared to say that there is no such thing as a perfect taxation act, and it will be our intention to give continued study to any of these problems which have presented difficulty in connection with the language of the present bill. We are not keeping our minds closed on any of these subjects which have presented difficulties.

For the reasons that I have given, I submit to the house that the fourth amendment proposed by the Senate should not be accepted by the house. I therefore move, seconded by the Minister of Agriculture (Mr. Harkness):

> That a message be sent to the Senate to acquaint Their Honours that this house agrees to the amendments made by the Senate to Bill No. C-37, an act respecting the taxation of estates, with the exception of the fourth amendment to which this house disagrees for the following reasons:
>
> 1. It creates discrimination in favour of a particular class of property.
> 2. The amendment is unworkable.
> 3. The amendment will reduce government revenues, and will particularly tend to reduce revenues from estates of larger value.
>
> And that the Clerk of the house do carry the said message to the Senate.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I believe the Minister of Finance and the government have something of a fight on their hands with the other place, and I am not going to get into that fight. I think the other place is quite capable of standing up for its own views with respect to the points on which the minister differs with the amendment proposed.

On the other hand, I want to point out that the discussions in the banking and commerce committee of the other place were prolonged and thorough. Unlike our own banking and commerce committee, they did receive outside evidence. They received evidence from the chairman of the executive council of the Canadian Chamber of Commerce, from the associate general counsel of the Sun Life Insurance Company, from a representative of the Montreal Trust Company, a representative of the trust association of Canada, and from two or three representatives who I thought should have been heard by our own banking and commerce committee—and I said so not only in the house but in the committee—Mrs. G. D. Finlayson, of the national council of women, Mrs. J. F. Flaherty of the Canadian Federation of university women.

I do not want the house to get the impression which it might get from hearing a radio commentary, such as I heard this morning, that the criticisms of the estates tax bill in the other place came entirely from supporters of the Liberal group in the Senate. When this bill was introduced in the Senate and debated on August 14, any criticisms

I made concerning the bill in this place were certainly greatly improved upon and exceeded by such newly appointed senators supporting the government as Senator Brunt and a former member of this house, Senator White. They had firm and strong criticism of the bill to make, and I do say that this amendment came to us after very careful consideration.

I do not intend to elaborate at any length with regard to the merits or demerits of the amendment in dispute. Already in the banking and commerce committee I have pointed out the hardship which results from the imposition of double taxation on both successions and pension income therefrom. I simply want to express a view which I think is generally highly endorsed, a view which has been expressed by the Canadian tax foundation and a view which was put forward during the sittings of our banking and commerce committee after an additional review had been made of the revised estates tax bill. The bulletin of the Canadian tax foundation had this to say on this subject in examining Bill No. C-37:

> It also seems to us that something might finally have been done to alleviate the heavy burden of tax on pensions, annuities and other periodic payments that are subject to death duties and income tax almost simultaneously.

In criticising Bill No. 248, which was introduced in the previous session of parliament, the general view in all the briefs which I believe were received by the minister after the bill became public were well expressed in the brief of the Canadian Chamber of Commerce, when they said this:

> Comment is made here in our brief upon the whole question of the taxation of income rights, etc. This comment is made subsidiary to the general recommendation that pensions and death benefits be not subject to estate tax. Such rights are received over a term. It has always been undesirable that the tax on the capitalized value should be payable immediately when even the amount of tax itself may only be recovered by the recipient over a period or may never be recovered. In particular, it is invidious to assess and immediately collect tax based on a capitalized value, by the application of mortality tables, when the successor may not even live long enough to receive benefits equal to the assessed tax. It is excessively harsh that no account is taken of the impact of income tax when computing estate tax on such benefits and vice versa.

We do not propose, as I say, to make extensive comment on the conflict, if there is one, between the government and the Senate. I simply point out again that the criticisms in the other place were on a bi-partisan basis and that they reiterate and, I think, confirm criticisms which I myself and others advanced here when the bill was before us. I think those in our group will have to say "on division" with respect to the motion proposed by the minister.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the motion presented by the Minister of Finance should be supported not only on the ground of the main content of the motion, with which I am in complete and full agreement, but also to demonstrate, I would hope, as a result of its passing at this time that the House of Commons should be supreme in all matters affecting the revenues of this nation and the balance of ways and means.

The hon. member for Kenora-Rainy River talked about the government having a fight on its hands. I doubt very much if that is really correct. I would assume that the members of the other place, in their good judgment, in their certain sense of security and wel-being, knowing full well the stature of the Canadian House of Commons in the minds of the public of this country, would have second thoughts and would very speedily agree to this motion which will pass this house today.

We in the C.C.F. will not be saying "on division", because we support the motion and are quite prepared to vote for it.

This is the first time in my memory in this house that the other place has amended a bill of the House of Commons in a way which would reduce the revenues to the national treasury. I would hope that such amendments would not be forthcoming from the other place in future much as I, in a given instance, might like to see certain revenues and certain taxes reduced. I feel that the other place has made not only a mistake in substance but a mistake as far as the operation of our Canadian parliament is concerned.

I do not for one moment question at this time the constitutional right of the other place to do such a thing, but I do not think it should be done. I do not imagine the government has a fight on its hands in the other place even though the government party does not command a majority there; but I would say that if the other place should reject this motion then there should be a conference, as is provided under our rules, between this chamber and the other place to consider appropriate amendments to the constitution of this country to make it abundantly clear that the Canadian House of Commons has the overriding authority.

I believe that hon. members of the other place perform a certain function in that they are able to look over legislation and make amendments, but I think the amendments they make should be considered more as suggestions than as amendments. If it appears necessary I believe there should be a working out of the final formula and method of

procedure to make it abundantly clear that in main constitutional questions and money matters the Canadian House of Commons is supreme.

I agree with the purport of the argument of the Minister of Finance. The minister has a tremendous command of the English language, and he can make a very excellent case when he is on solid ground. I enjoyed listening to him present his case this morning. Listening to his extremely strong statements and well chosen phraseology I was pleased, for the first time in my memory, not to have them directed particularly at the opposition in this house. While the Minister of Finance seldom wins an argument in this house by way of unanimous vote, I am hoping that following the passage of this motion it will be made clear that the minister has spoken for the House of Commons and the Canadian people, and that the members of the other place will agree that that is the situation.

The Minister of Finance has demolished the substance of the amendment by pointing out that it is discriminatory and would work to the advantage of well to do persons receiving benefits from large estates, and that these exemptions that are already in the act provide a good measure of relief to a very small proportion of the population who under difficult circumstances are fortunate enough to have an interest in an estate of a value above $50,000. I accept the minister's statement because of his knowledge and the advice he is able to obtain from his officials that the suggested amendment would be unworkable. It is perfectly clear that if it were to pass it would result in a reduction of revenue to the national treasury. Believing that revenues in this case on the basis of the merit of the amendment alone should not be reduced, and also on the principle that the House of Commons should be supreme in this matter, I shall certainly be very pleased to support the motion.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I had hoped, like the hon. member for Assiniboia, that this house would be prepared in connection with this matter to speak with a unanimous voice. I had hoped that would be the message that might be carried to the other place. However, the hon. member for Kenora-Rainy River, the financial critic of the official opposition, has said the bill will be carried only on division. It is quite clear, therefore, that the official opposition opposes this amendment.

[Mr. Argue.]

Let me very briefly make some comment on several of the statements the hon. member made. He sought to give the impression, I gathered from his remarks, that he had taken some consistent course on this subject which is in accord with the view expressed by a majority in the Senate in the terms of the present proposed amendment. Mr. Speaker, clause 26 of the bill has run the gamut of all stages in this house and extended hearings before the banking and commerce committee of this house, as well as having gone through the similar processes of the other place. I scanned the record, and I find that in the banking and commerce committee of this house in the presence of the hon. member for Kenora-Rainy River and others of his party this clause was carried without any challenge, without any division and without any indication of opposition from them; indeed, without any spoken criticism of this clause. I have also consulted the record of the committee of the whole and I find the same thing there.

Mr. Benidickson: Mr. Speaker, would the hon. member permit a question?

Mr. Fleming (Eglinton): There was not even a word uttered by my hon. friend or by any of his party on clause 26 of the bill when it was before the committee of the whole of this house.

Mr. McIlraith: We could not be there in committee because of the hours the house sat. That is not fair.

Mr. Benidickson: Mr. Speaker, would the hon. member permit a question?

Mr. Fleming (Eglinton): Mr. Speaker, I have already said that the hon. member for Kenora-Rainy River was present in the committee when this clause was reached. As a matter of fact others of the party were also there. If the hon. member for Ottawa West did not find it possible to be there he should not try to leave the impression that it was not possible for others of his party to be there, because the financial critic of the party was there and he had a great deal to say.

Mr. McIlraith: Would the minister permit me to clarify what I said?

Mr. Fleming (Eglinton): Mr. Speaker, the impression ought not to be left that the committee hurried over its work.

An hon. Member: He is listening to himself just now.

Mr. Fleming (Eglinton): It conducted its proceedings in a thorough manner and—

Mr. Benidickson: Mr. Speaker, would the hon. member permit a question? Will he not acknowledge that I asked in the committee

that the representations and criticisms of double taxation be read carefully from the briefs, and did we not afterwards hear from Dr. Eaton a certain comment as a result?

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member asked for a number of things in regard to the representations that had been made. I think he will be fair enough to agree that either I or the officials, depending on who was leading the discussion before the committee, put before the banking and commerce committee of this house the substance of all the representations we had received on all subjects, whether those representations were in accord with the terms of the bill or opposed to them. I think that ought to be said for the record and in fairness. We gave the committee the substance of all representations we had received.

Now, Mr. Speaker, I have one further comment to correct any possible wrong impression that may have been left by the remarks of my friend the hon. member for Kenora-Rainy River. He may have left the impression in the minds of some that this bill is going to create a severe hardship in the matter of the rate of payment or what is sometimes called the periodicity of payment of taxes with respect to those periodical payments in the form of superannuation or pension benefits. Where these benefits flow through the executor of the estate the estate tax thereon is a charge on the estate and not, under this bill, on the successor, the recipient of the superannuation or pension benefit.

That is the first point. I wish to make it perfectly clear that if payments of this kind flow through the executor, then no estate tax liability except in a secondary sense is laid upon the recipient of the superannuation or pension benefit.

In the other case, where the payment flows not through the executor but goes direct to the successor, the recipient of the pension or superannuation payment, provision is made in clause 15 of this bill for payment of the liability in six annual instalments. The present Dominion Succession Duty Act, which apparently was quite adequate in the view of hon. members opposite, has provided for payment over four years. We have enlarged that to six years. Furthermore, the hon. member for Kenora-Rainy River went far outside the scope of the amendment proposed by the Senate in talking about the basis of determining present value of future periodical payments of this kind for estate tax purposes.

I remind the house that the Senate has not attacked the basis of determining the capital value of those periodical payments. That was discussed in the Senate committee, but the Senate has not attacked it. The hon. member for Kenora-Rainy River went completely outside the scope of the amendment in introducing that subject. The Senate has accepted that basis of calculation. It has been established for a long time, and it is simply carried forward in this present bill. I wish to make perfectly clear, Mr. Speaker, that the basis of calculation upon which he undertook to deliver some strictures this morning is not attacked in the Senate amendment, and is not involved in the Senate amendment.

This amendment has the one purpose and the one effect which I described in speaking earlier, and with great respect to those in the Senate who supported this amendment and those who drafted it, I do wish to say it is quite clear that the amendment they have proposed is quite unworkable. I have placed the position that we have taken on this amendment on the merits of the amendment. We are not inviting any clash or difference or dispute with Their Honours in the other place. We have placed our position on the merits of this amendment, and I did hope that we might have a unanimous expression of opinion of this house to support us when this message goes to Their Honours in the other chamber. But if we cannot have, as we are told by the hon. member for Kenora-Rainy River, a unanimous expression, then I do express the hope that we shall have support as nearly unanimous, or as strong an expression of support for the bill in this respect, as is possible.

Mr. Benidickson: Before the minister concludes will he just inform the house as to the procedure, which I am not clear upon, with respect to the conference procedure between this house and the Senate. Does the conference follow the report at this stage if the Senate continues to persist in its views? Is it after this motion is carried that the conference procedure comes into play? I recall that some years ago there was such a conference. Three members of the administration meet with three representatives of the Senate, I believe.

Mr. Fleming (Eglinton): Mr. Speaker, my hon. friend I think is away ahead of the rest of us at this stage of the proceedings. What the house is being asked to do this morning is to say that we reject the fourth amendment proposed by Their Honours in the other chamber and, in accordance with the practice, the message contains the reasons for our rejection. We hope that when Their Honours receive this message from this house they may in their wisdom be prepared to concur in the position which has been

taken by this house. My hon. friend is talking about a stage which we trust may never develop.

Mr. McIlraith: Mr. Speaker, I wonder whether I may ask the minister a question which is bothering me a bit about the actual motion itself, the language of it. As I read the motion it gives me some difficulty, because we are making findings about the reasons for rejecting paragraph 4 of the proposed amendments. Is it necessary to make all these findings? The one that bothers me is that the amendment is not workable. For my part I am quite prepared to reject the proposed amendment, but I dislike having to approve the language put in the motion by the Minister of Finance. How does he view this motion? Is it simply a rejection of the amendment that he wants rejected? How will our vote on this thing be interpreted by him?

Mr. Fleming (Eglinton): Their Honours will have the message of this house before them in the terms of the motion if the house sees fit to adopt it.

Mr. Pearson: May I ask the minister a final question. Is it not true that in this motion he is asking us to accept his categorical statement that this amendment is not workable? That categorical statement of fact, that finding and its expression may give rise to some doubt in the minds of hon. members on this side who are not supporting the Senate amendments at all.

The house divided on the motion (Mr. Fleming, Eglinton) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allard
Anderson
Argue
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bissonnette
Brooks
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Campeau
Cardiff
Chambers
Charlton
Chown
Churchill
Cooper
Courtemanche
Crouse
Danforth
Deschambault
Diefenbaker
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Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fulton
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Green
Grenier
Grills
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
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Hanbidge
Harkness
Hees
Henderson
Herridge
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Jung
Keays
Kennedy
Kindt
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CUSTOMS ACT

AMENDMENTS RESPECTING VALUE FOR DUTY, APPEALS TO EXCHEQUER COURT, ETC.

Hon. George C. Nowlan (Minister of National Revenue) moved the second reading of Bill No. C-51, to amend the Customs Act.

He said: In his budget speech my colleague the Minister of Finance announced that I would shortly submit a bill to parliament to amend the valuation provisions of the Customs Act. The present law is adequate to deal with most cases of dumping or distress selling, but does not provide a safeguard against sales at prices below cost-plus. It appears to us necessary to rectify this

situation in order to protect the Canadian economy against unfair competition and the virtual importation of unemployment as a result of goods being brought in at prices which are below the cost of production plus a reasonable addition for selling cost, administrative cost and profit. This, then is the primary reason for revising the present law.

Experience over the years with the current valuation provisions of the Customs Act has indicated a want of certainty as to the true meaning of certain phrases and indeed sections, bringing about resultant difficulty not only for departmental administration but also placing an undue burden on both the tariff board and the exchequer court. Developments have been such as to point up the desirability of clarifying and rendering beyond question the meaning of the provisions which have been giving difficulty. It seems prudent, therefore, to take this opportunity, when the valuation sections are being amended, to resolve this problem and at the same time to regroup the various sections in more appropriate order.

In this regard, the proposed wording of the bill does not contemplate any material departure from current practice. The cardinal principle of valuation which has been in effect since confederation and which is to continue to apply is based upon the fair market value of like goods when sold in the home market in similar circumstances. A number of subsidiary and clarifying rules have been laid down with a view to establishing a more workable procedure for determining value for duty.

In his budget speech my colleague the Minister of Finance also stated that I would submit a bill to amend the Customs Act in the matter of appeals from our decisions under item 1201 of the Customs Tariff Act. This item is the one which prohibits the importation of material of a treasonable, seditious, immoral or indecent character. In a recent judgment the tariff board questioned whether it is the appropriate body to hear such appeals. The government shares this doubt, and accordingly provision is being made in the new bill which is before us today for appeal in such cases to be made to the courts.

Section 45 of the Customs Act deals with appeals to the exchequer court from decisions of the tariff board. At this time the opportunity is being taken to revise and clarify the procedure, which should make for a more orderly disposition of cases coming before this body. Three main changes are involved as follows:

(a) The appeal period has been increased from 30 days to 60 days.

(b) The necessity for the appellant and the deputy minister to obtain leave to appeal has been eliminated, but persons who entered an appearance at the tariff board must still obtain such leave.

(c) A complete code of appeal procedure, including right of cross appeal.

Those, Mr. Speaker, include the salient points which are embodied in the bill now before the house. Later on in the day, when the debate is completed, I will have an opportunity to deal with any arguments which might be raised for or against the bill and also, of course, in committee to clarify any matters in respect of the various sections.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister in introducing this bill took five minutes to deal with one of the most important customs measures introduced into this house in many years, a bill which could have a far-reaching and harmful effect on our trade and, indeed, on Canada's trading relationships. He took five minutes.

Mr. Harkness: An example of the beauty of brevity.

Mr. Pearson: That was a quarter of the time which was required in this house this morning for an unnecessary division, and that is all we are being given by way of explanation of the bill and analysis of its contents, which as I have said is of very far-reaching importance. Indeed it is probably as important as any customs bill which has been introduced into this house for many, many years. The minister has said, of course, that this bill is really confined—and I believe these are the words he used—largely to subsidiary and clarifying rules. I hope, however, to demonstrate that it is far more than that and I regret, though perhaps not as much as I would have regretted half an hour ago, that I shall have to take a certain amount of time to give the views of our party on this matter.

The bill before us deals with the problem of the determination of the value of imported goods for duty purposes. It is a subject which is as complex as it is important because, as hon. members know, a valuation for duty purposes can be as important as the duty itself. It is because of this importance that it is necessary for an objective and sound basis to be established for the determination of value. The necessity for that is obvious.

It seems to me that three requirements should be met in establishing this basis. Firstly there is the necessity of preserving the rights of parliament over taxation because, as we know, a duty is a tax and a valuation can be a duty. If parliament

determines a rate but the valuation is left to a minister or his officials, or both, then parliament's rights over this form of tax are reduced accordingly and may be nullified by administrative action.

Second, there is the requirement to prevent unfair discrimination between those who, as consumers and taxpayers, are bearing the tariff burden, unfair discrimination which could result from arbitrary valuations through administrative action. Finally there is the requirement to create and maintain orderly conditions for international trade. I believe it would be quite impossible to meet that requirement if nations customarily used arbitrary valuations for customs purposes, that this would stop trade expansion and would introduce rigidities and restrictions into trade.

To meet these three requirements, as I have said, an objective and equitable basis of valuation for duty purposes must be established. I realize, of course, that such a basis applicable to every case which might arise is very difficult to find indeed, and I suppose it is impossible; but a fair basis for general application must be found and must be embodied in our law. If an alternative is required it should be used only if the primary basis cannot be applied; should be used only in special cases. That principle has been recognized in the present customs law.

I agree with the minister that the basis which we have established in this country over the years is fair market value, though I am not sure it will remain fair market value if this bill becomes law. Fair market value in accord with prices in the country of origin is the best and fairest basis obtainable. This we have found in the light of experience. This principle is included in GATT and is generally accepted by the members of GATT. I admit, of course, that there are other bases included in GATT and, indeed, in our law, but they are for use only when fair market value cannot be applied.

I know, as the minister knows, that arbitrary valuations are permitted under article 19 of GATT. This is, of course, an escape clause, I agree. We have, however, more than once protested, and vigorously protested, when that article has been used in a way contrary to the spirit and objectives of GATT. We have always taken the position in our negotiations under GATT that this article should be restricted to real emergencies and used only as a last resort. If it is not if it is used in some other way, then it invites retaliation which can destroy GATT, can restrict trade and can even hurt the country which is applying the other form of valuation.

The present Canadian law on this matter is designed to meet the three requirements I have mentioned. It is in conformity with the spirit and the objectives of GATT except possibly for one section of the present law, namely section 38, to which I shall return later. Incidentally that particular section, No. 38, was put in by the Conservative government of Right Hon. R. B. Bennett. It was, I admit, retained by Liberal governments after 1935 to be available in a genuine emergency. But the fact that the Liberal government had that and only that in mind in retaining this particular clause is shown by the fact that in the 22 years of Liberal administration that clause was used only once and then, perhaps ironically, after the general election of June 19, 1957. The only time that clause was used was, I believe, in connection with the importation of strawberries.

The new bill, however, changes all this. It alters drastically, and not in a subsidiary or unimportant way as the minister indicated, the present system of valuation. I hope I will be able to convince the minister of that before I finish.

Mr. Nowlan: It will take a lot of speeches to do that.

Mr. Pearson: You have no idea how long this is going to be.

It embodies a new and wrong approach. Furthermore, the government must intend to use these new powers which it is requesting, else what whould be the purpose of making these changes? I suggest that if this bill becomes law, fair market value is likely to become an exception rather than the rule. Therefore this bill in its provisions prejudices that objective basis which I have mentioned and it widens, I think in a dangerous way, the application of arbitrary valuations. It does that first of all through a greater use of the cost of production test—and I will have something to say about that test later—and second, through wider discretionary powers given to the minister, to the governor in council and to officials.

How then is this principle on which we have based our law for so many years, this principle of fair market value, to be restricted in this bill? It is to be restricted in at least three ways. I intend to deal with this matter now only in a general way because this is the second reading stage, but when we come to the committee stage we on this side will deal with each clause as it arises, and I think we can show how these clauses will restrict the fair market value principle. If hon. members will look at clause 39 of the bill, for example—I single this out as one glaring illustration—they will find that it reads:

Where the minister is satisfied that material injury has been or may be caused to any industry—

I draw those words to the attention of the house—"has been or may be caused"—

—in Canada or any portion thereof, by reason of the importation of any new or unused goods or class of such goods at a value for duty less than the cost of production thereof, plus a reasonable amount for gross profit, he may so report to the governor in council, and, notwithstanding anything in this act, the governor in council may order that the value for duty of those goods or that class of goods shall be increased to an amount equal to the cost of production thereof plus a reasonable amount for gross profit, having regard to the gross profit generally earned in that trade in the country of export, to be determined in the manner prescribed in section 37.

This means that in all cases, not only where injury has been caused but where injury may be caused, the minister and the cabinet will have full discretionary powers to determine the value for duty purposes.

Then there is clause 38, subclauses (b) (c) and (d) which I will not quote, but in which provision is laid down—and we will come back to this in detail during the committee stage—that the value for duty shall be determined in such a manner as the minister prescribed. And in these cases, fair market value even when it can be determined will not be used. In my opinion those clauses, or certainly part of them, are contrary to our obligations under GATT. They give the minister far-reaching discretionary and arbitrary powers to use.

There is another clause, clause 37, which again I will not quote, but I will come back to it later. It states that when comparison for duty has to be made with similar goods the value for duty, unlike the provision in the present legislation, is determined by cost of production plus gross profit. Again, fair market value is abandoned. Clause 36 also contains some new conditions which must be met before the fair market value rule can be applied, just as clauses 37, 38, 39 and 40 lay down some new limitations on that rule.

To sum up, the cardinal principle for determining value for duty which has been used in this country for so long, that is to say the fair market value of like or similar goods sold in the home market in similar circumstances, is being so greatly weakened in this bill as to become almost valueless. It will become, as I have said, the exception rather than the rule as the government uses the new provisions. It is being replaced by cost of production plus gross profit or reasonable profit, or by the discretionary and arbitrary power of the minister to fix valuation.

The cost of production test is an impracticable basis for valuation, often an impossible basis; therefore we are left with arbitrary valuation. I say, therefore, that because of this development and because of what is implicit and explicit in this bill, parliament's right to tax and to control taxes is being prejudiced and weakened. It puts the executive in control. It increases the dangers of discrimination as between taxpayers, and it ignores both the spirit and the objectives of GATT. In consequence we oppose this bill, and we oppose it strongly. We will do our utmost to defeat it and we will do our best, if we cannot defeat it, to amend it and to make it at least a better bill.

This is important because so much now will depend on the administration of this measure, and because that is so it is important to ascertain its purposes, in so far as we are able to do so, in the eyes of the government as well as to trace, as I propose to do, the legislative history of these provisions.

The Minister of Finance in his budget speech indicated that these provisions which are before us now were designed to protect Canadian producers against dumping. This party and the governments of this party have always supported, and we still support, legitimate anti-dumping measures. Our record in this connection when we were in power is shown by the inclusion in the Customs Tariff Act of the anti-dumping provision in section 6; it is shown by the inclusion in the present Customs Act of sections 38(1) and 35(12). It is shown in the bill we passed in 1950 dealing with seasonal rates of specific duties.

So we are not opposed to anti-dumping legislation. We have supported it in the past and we have enacted it in the past. But we are opposed to extending the power of the executive in this way in the guise of adding to anti-dumping legislation. The Minister of Finance—and I quote from page 1247 of *Hansard* of this session—had this to say:

The government intends to defend Canadian producers against the practice of dumping, whatever form it may take. This will require the strengthening of the present valuation provisions of the Customs Act and their effective enforcement. To this end my colleague, the Minister of National Revenue (Mr. Nowlan) will shortly submit a bill to parliament amending the valuation provisions of the Customs Act—

This is the bill now before us. I continue:

—to add a provision to section 35 along the lines of the legislation in effect prior to 1948—

I will show what that means later. I continue:

—requiring that, where appropriate, the value for duty of imported goods shall not be less than the cost of production plus a reasonable advance for selling cost and profit.

The Minister of National Revenue who has introduced this bill made a statement in this house on July 3, and repeated it this morning, in which he related the problem of unemployment to this bill. On that date he

said that the amendments which are now before us would help to deal with the unemployment situation by dealing with goods brought into this country at below cost of production. As reported at page 1892 of *Hansard* at that date the Minister of National Revenue said:

> After all, the term "fair market value" must surely have some meaning, and it must be remembered that it has been determined time and time again that the market value has really had no reference whatsoever to fair market value, and that anyone by making a few sales in the country of origin could then send the goods here, avoiding dumping duty. And when such goods are sold superficially below cost they threaten not only Canadian industry but, what is more important, the employees of Canadian industry.

With the objective of that statement, the protection of Canadian industry against unfair competition brought about by dumping as it was understood in the past, we of course have no quarrel. In fact we support it. But we do question the minister's view that you can curb unemployment in this country by trying to export it. Some of us will remember very well that this was the remedy adopted by Mr. Bennett and his government from 1930 to 1935. From what the minister has said it is clear that the government attaches importance to these amendments not only as an instrument of protection but as a cure for unemployment. I venture to state the results in that respect will not be good, and the experience of the period 1930 to 1935 to which I have already alluded strengthens these doubts in my mind.

Perhaps I should now make a short historical review which will help to explain why we have such strong doubts about the wisdom and value of these amendments. In making this review, of course, we must keep in mind a clear distinction between the dumping provisions in the Customs Tariff Act and the valuation provisions as they exist in the present amendments to the Customs Act.

The anti-dumping provisions of the Customs Tariff Act are in section 6 of that act, and I believe were first introduced in this country in 1904. Those provisions in the present act over the years became the standard for other countries who adopted them, and indeed they became the standard for GATT where they are embodied, I believe in articles 6 and 7. The word "dumping" is defined in the Customs Tariff Act in these words:

> —sale in Canada of goods at a price lower than the fair market value in the principal markets of the exporting country.

When dumping was proven under those provisions a duty was charged on the higher price and a penalty of not more than 15 per cent was imposed. These provisions, we should remember, are not affected by the present amendments which deal with valuations for duty under the Customs Act.

Let us look at the valuation provisions of the present Customs Act. Subsection 2 of section 35 of the Customs Act is the present basic valuation provision. It reads:

> The value for duty shall be the fair market value, at the time when and place from which the goods were shipped to Canada, of like goods when sold in like quantities for home consumption in the ordinary course of trade under fully competitive conditions and under comparable conditions of sale.

That concept of fair market value—and the house will pardon me if I go back a little in Canadian history—goes back as far as the Galt tariff of 1859. It continued unchanged and indeed was adopted by other countries, which is a tribute to its wisdom and value, until 1921 when the Conservative government of that year amended the Customs Act to introduce a new principle; cost of production plus reasonable profit, as the value for duty. I believe that was the first time that principle was introduced into our customs legislation, and it was done under Mr. Meighen's government. It did not last very long and was repealed the next year by the Liberal government which came into power in 1922.

The reasons for that action are set out very clearly in the House of Commons debates of that time, when Mr. Fielding said this was an attempt to boost the tariff without letting the people of Canada know what was being done by creating a fictitious price in order that the government might increase the duty. He argued that cheapness of itself was no reason for keeping out goods, and should be distinguished from dumping. That clause was repealed.

Mr. Fulton: Was any substitution made?

Mr. Pearson: Yes, there were substitutions but nothing based on cost of production. There were various measures introduced, and I shall come to some of them.

Mr. Speaker, may I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Pearson: Mr. Speaker, before one o'clock in developing my arguments against the provisions of this bill I had shown that in 1921 the Conservative government introduced the principle of cost of production into valuation for duty; that their act in this regard was repealed by the Liberal government in 1922, and that this cost of production formula did not reappear until the

government of Right Hon. R. B. Bennett came into power in 1930, when it was used as a formula to combat unemployment by increasing protection.

This Bennett formula, if I may call it that, provided that the value for duty of new and unused goods in no case was to be less than the cost of production of similar goods at date of shipment direct to Canada plus reasonable advances for selling costs and profit, that the minister should be the sole judge of what constituted a reasonable advance in the circumstances and that his decision thereon was to be final. The leader of the opposition of that day strongly opposed those provisions as we are opposing the provisions of this bill today. The leader of the opposition at that time, Mr. Mackenzie King, stated as reported in *Hansard* for 1930 at page 213, and I repeat it today in connection with this bill—

> The government proposes . . . to take power to fix an arbitrary valuation for customs purposes on whatever articles it likes, and to continue it as long as it likes.

I submit, Mr. Speaker, that the same criticism could be levelled against this legislation as an open invitation to arbitrary valuations and to administrative protection. In 1930 Mr. Mackenzie King argued, as I am attempting to argue today, that the power to impose a duty is the power to tax; that this power belongs to the Commons and should not be parted with or delegated to any government whatever, except in a strictly limited way for a genuine emergency. The then leader of the opposition, Mr. Mackenzie King, said at that time:

> The bill—

He was referring to the 1930 bill.

> —is wholly subversive of responsible government in every sense of the word and should not for one moment be countenanced.

We take the same position in regard to the bill before us. Mr. Ralston, a leading member of the opposition at that time, continued the attack and objected because the tariff-making authority was being shifted from parliament to the executive. This is one of the main bases for our objection to this bill. He argued, and the argument can be used against this bill—

> It is simply an enactment for the purpose of providing that the government without any check or control by parliament may make tariffs to suit the situation or to suit their own particular tariff ideas.

Now, Mr. Speaker, the Liberal warnings at that time, warnings of the effect of this kind of legislation on our economy went unheeded, but they were later proven to be right, and they have since, I think, been fully vindicated in the attitude they took at that time. It is the attitude we are taking today in regard to this bill. A recognized Canadian authority on customs matters who is now a member of the tariff board, Professor Elliott, had this to say in his book "Tariff Procedures and Trade Barriers", at page 187, talking about the provisions of the Bennett legislation:

> This set of administrative provisions was Canada's distinctive contribution to the trade barriers of the great depression.

Later on he said:

> That Canada's methods were effective in obstructing trade is attested by the complaints of British and foreign exporters and of Canadian importers; by the reports of a Canadian royal commission and of the United States tariff commission; by the pains taken to obtain concessions for empire goods at the Ottawa conference and by the fact that the governmen was able to pacify Canadian manufacturers while making concessions; by the United States' threat to exclude Canada from the benefits of the earlier treaties under the trade agreements act; and finally by the provisions of Canada's trade agreements with the United States in 1935 and 1938.

This is what Mr. Elliott had to say. Another Canadian customs authority, Professor Blake of Winnipeg, in his study of Canadian customs administration reached similar conclusions when he said in regard to this earlier legislation:

> An enormous increase in the power of the Minister of National Revenue over the tariff, and a concomitant decline in the power of parliament, resulted from the legislation of 1930.

Later on he said:

> It was decided to place the tariff weapon in the hands of the "war cabinet", and this was accomplished, neatly and effectively, through the Customs Act. By a process of extending, amending, and increasing the Canadian executive presented to the world a customs barrier which in many of its aspects resembled the crudest form of mercantilism.

I submit, Mr. Speaker, that again we in this house in 1958 are being asked to go back to 1930 in the amendments to the bill before us, amendments which are in the view of the minister merely clarifications but which, as I have said, in our view go very much beyond that. The fact is that the cost of production as a basis for customs evaluation is an arbitrary and subjective valuation test. What is it? The cost of production in Canada or the cost of production in the country of export? How is it to be ascertained? Which of many differing costs is to be used, and what is reasonable profit? Why, the minister who introduced this bill is himself on record already in this session as to how arbitrary in his opinion is the concept of cost of production. At page 1803 of *Hansard* of July 1 the minister had this to say; we were talking about coal:

> They talked about producing coal at cost and using it for producing power. As the hon. member for Inverness-Richmond said, "What is cost?" It could be anything.

The minister told us on July I that the cost of production could be anything. We say that under this legislation it can be anything the cabinet arbitrarily decides it to be, that in doing so they establish the value for duty, and that is the power to make and increase tariffs at the will of the executive.

But we cannot leave the problem at that point. In the discussion of this very matter in 1930 the minister of national revenue of that time, Mr. Ryckman, left no other conclusion in the minds of members of the house of that day but that the cost of production he had in mind was the cost of production in Canada. He stated at that time that he could quite conceive, as can everyone else, that goods might be sold in Canada at below the cost of production in Canada, and that this might be what he would call unfair or piratical trade. At another point in the debate of 1930, as found at page 288 of *Hansard* of September 16, the minister of national revenue of that day said:

> If goods manufactured in another country were sold continually in Canada at a price lower than they can be produced here our manufacturers would be driven out of business.

So, Mr. Speaker, we wonder whether the present Minister of National Revenue subscribes to the point of view held on this matter by his predecessor who had the misfortune to introduce similar legislation almost three decades ago. On this particular point Mr. Ralston was quick to point out, as I should like to point out now, that the philosophy proposed at that time by the minister of national revenue would endanger the whole basis of international exchange of goods. Mr. Ralston said then, and I believe he was right, as found at page 289 of *Hansard* of September 16, 1930:

> Canadians are selling many of our exports at a price below the cost of production in the country where those goods are sold. That is the reason we are selling them there. We are not building a barbwired fence around Canada and swapping jackknives with ourselves. We are selling all over the world.

That is something we have to keep in mind in this country as we discuss customs matters. The use of this test of cost of production as a method of valuation has led us into difficulties in the past and we fear it will do so again. The historic position of the Liberal party is opposed to it. Liberal spokesmen, as we have seen, pointed out its dangers in 1921. In 1922 the Liberal government repealed a provision based on this test. The Liberal party fought it again in 1930 and, as soon as it came into office in 1935, the arbitrary valuations were removed through trade agreements with the United States and then the arbitrary valuation provision was repealed in 1948.

That point perhaps requires further elaboration in view of the statement of the Minister of Finance in his budget speech. The Minister of Finance has already pointed out, and quite correctly, that the cost of production provision as a basis for valuation was not repealed by a Liberal government until 1948. But he did not go further and point out that this cost of production feature of our tariff law had declined in importance and that its use had been restricted by trade agreements made by the Mackenzie King government after 1935 until it had become virtually inoperative. True, its formal repeal was not made until 1948, when it was formally done in order to reconcile our law with the requirements of the general agreements on tariffs and trade. But steps had been taken long before 1948 to render its provisions, as I have said, virtually inoperative.

The trade agreement between Canada and the United States at that time, 1935, involved an exchange of notes relating to this very point. In that agreement both governments gave undertakings that the fair market value should be taken for duty purposes. That was the first step to do away with this iniquitous cost of production test and arbitrary valuation feature of the Bennett legislation. The Liberal government removed about half the arbitrary values on United States goods on January 1, 1936.

Mr. Nowlan: 1936?

Mr. Pearson: Yes, that was when removal took place; and the remaining dumping valuations on United States goods were removed in the second United States-Canada trade agreement in 1938. Similar action was taken in all the other trade agreements we signed during that period when our trade was again on the upgrade. But, as I have just said, this particular provision in the legislation was not formally removed until it was rescinded in 1948, although it had been virtually inoperative for many years before that.

Surely it should now be clear, Mr. Speaker, to all hon. members that this particular technique about which I have been talking has been a favoured and exclusive instrument of commercial policy used by Conservative governments. It is now being reintroduced with its background of failure and its association with the depression period of Conservative rule from 1930 to 1935.

At this stage I am not going to make a detailed examination of the provisions of the bill, but I wish merely to use one illustration to show the kind of arbitrary powers the government would have if the bill were approved by parliament. Let us suppose for the sake of argument, and perhaps it is a realistic argument, that it is felt desirable to

give more protection by executive action outside parliament to the Canadian primary textile industry against United States competition. If the government decided to do that it could choose from three courses of action which are permitted under three different sections of the bill.

In the first place, under new section 40A (7) (c), if the governor in council, the cabinet, is satisfied that United States textiles "are being imported into Canada under such conditions as to prejudicially or injuriously affect the interests of Canadian producers or manufacturers, the governor in council may authorize the minister to determine the value for duty"—

Mr. Nowlan: I know the Leader of the Opposition wants to be fair. He is not quoting from the bill when he refers to United States textiles being imported.

Mr. Pearson: Of course not. My quotation began with the words, "are being imported into Canada under such conditions as to prejudicially or injuriously affect the interests of Canadian producers or manufacturers, the governor in council may authorize the minister to determine the value for duty ... or may authorize the minister to prescribe the manner in which the value for duty shall be determined ...". Those last words are new.

In the second place, the government could use the new section 39 which says that—I quote from the section, having already quoted from it this morning—"where the minister is satisfied that material injury has been or may be caused to any industry in Canada ... the governor in council may order that the value for duty of those goods ... shall be increased to an amount equal to the cost of production thereof plus a reasonable amount for gross profit ..."

Those are two ways in which the government could proceed. But there is a third and simpler method of preventing foreign competition in the field of semi-manufactured goods, such as primary textiles often are. I refer the minister to section 38, which says:

> Where in any case or class of cases...
> (b) the goods imported...are intended to be... further manufactured in Canada or are intended to enter into the course of manufacture in Canada... the value for duty shall be determined in such manner as the minister prescribes.

Surely there is no further need to show that the government, the executive, has taken far-reaching powers unto itself in these provisions, in these amendments, to deal with customs valuation, thereby dealing with customs duties and thereby dealing with taxation. In this last provision I mentioned, section 38, there is no need even to show that material injury has been or may be caused, or to get authority from the governor in council. Under this section the minister can act on his own initiative—indeed, he will have no alternative but to act on his own initiative—in all cases described in section 38 unless the government decides to invoke the other sections, 39 or 40A(7)(c), which I have mentioned. In fact, it is true to say that the powers given the minister under section 38 are even wider than those given to the governor in council to deal with similar cases under section 39 or section 40A (7) (c).

Then there is one other point I want to mention, namely the effect of this legislation on the British preferential tariff. This is certainly a point which deserves to be raised at this stage, because it has a direct relationship to our imports from the United Kingdom. Under section 38 of the old legislation, which under the proposed bill, with one change, becomes section 40A (7) (c), it will be noted that the so-called anti-dumping valuation cannot be used for goods "entitled to entry under the British preferential tariff". That exception or that qualification appears in the present legislation, namely section 38 of the present bill.

Mr. Nowlan: The present act.

Mr. Pearson: Yes. Section 38 of the present act, which I think is clause 40A (7) (c) of the bill we are now considering. The government in this new bill, in its amendments, are maintaining that provision giving British goods exceptional treatment. They are maintaining that provision, but it now has no real significance of any kind because it is probably not its intention to use that provision very much since there are other provisions in this bill which give the government full power without such a qualification. I refer to the new section 39 under which—and this is an important change, which according to the government is to be a safeguard against dumping—goods entitled to entry under the British preferential tariff are not exempted.

Surely, Mr. Speaker, that is another blow at British exports to this country just a few weeks before the commonwealth economic conference. But that is not the worst thing. From now on, under section 38 the value for duty of all British goods which are not fully manufactured products will be determined in a manner prescribed by the minister, so the government will be in a position to discriminate against such British goods as woollen textiles, whether or not dumping practices have been used. That is under section 38 of the new bill.

In short, Mr. Speaker, this is bad and dangerous legislation, especially when it is viewed in the light of economic history. It requires parliament to surrender many of its rights in this most important field of taxation. It gives

wide and arbitrary powers to the minister and the governor in council. It threatens the best interests of Canadians consumers, importers and exporters who are already bearing a heavy burden imposed by our tariffs. It will be a hard blow to GATT, and it can expose our country to damaging retaliation by other nations.

We do not know, of course, Mr. Speaker, the intentions of the government in applying these regulations. We do not know what are the industrial sectors that the government intends to protect with these wide and arbitrary powers. We do know, however, that once it has yielded to pressures in one sector, it will be extremely difficult not to do the same for others. We do know also that the first industrial sector would likely be that of primary textiles, according to previous statements made by members of the government.

Hence in conclusion, Mr. Speaker, I should just like to say a word about this particular problem. We all know that our primary textile industry in this country has been going through great difficulties for a long period of time. We know that in fact it has enjoyed real prosperity only when Canadian demand was abnormally high and foreign producers were not in a position to take advantage of our market.

I am not going to attempt at this stage, Mr. Speaker, to analyse the sources of weakness of this most important Canadian industry in terms of production and employment. Most of the causes of these difficulties have been indicated in two special studies which were prepared for and under the auspices of the Gordon commission. One is entitled "The Canadian Primary Textiles Industry" and the other "Canadian Secondary Manufacturing Industry". The reports of the tariff board are also interesting in this respect.

I want to emphasize, however, that these difficulties which are being experienced, and which have been experienced now for many years, are not due to the lack of Canadian skill or efficiency in this field or to the prevailing wages in this industry in comparison with the over-all level of wages in Canada. The causes are much deeper and more basic. For instance, the size of the domestic market, the great variety of tastes of Canadian consumers who are influenced, of course, by United States fashions; the lack of specialization within our own industry and technological changes are some of the factors that have brought about the present difficult situation.

I myself am convinced that some form of government assistance and encouragement will be needed in order to maintain this important Canadian industry and increase its productivity. But we on this side of the house do not feel that government assistance of this kind should take the exclusive form of ever-greater protection against foreign competition, because such a remedy does very little indeed to cure the industry of its basic difficulties.

I obviously cannot outline now what are the other forms of government assistance that might be adopted, but I hope to have, before long, an occasion to do so. I firmly believe, however—and I want to emphasize this—that if the government feels at present that the industry needs more protection, it should have the courage to follow the only normal democratic method and ask parliament to increase the tariff either against ordinary foreign competition or against dumping, rather than trying with this bill in effect to by-pass parliament, to ask for wide and discretionary powers and impose arbitrary values. That is not the way to do it, Mr. Speaker. This approach, in our view, is the wrong one not only from the point of view of our democratic and parliamentary institutions but also from the point of view of our best long term economic interests in promoting orderly commercial relationships.

The bill now before us purports to protect Canadian industry against dumping and, as I said before lunch, with that purpose we are in agreement. Our good faith in that respect is shown by the measures introduced by Liberal governments in the past to give Canadian industry bona fide protection against illegitimate dumping, but this bill goes much further than that. It is a restrictive measure, as we see it, and puts restrictions on trade expansion; indeed, it is obstructive of the expansion of trade. In addition it gives unnecessarily arbitrary powers to the minister and the cabinet which entrench on the rights of parliament in this most important aspect of taxation policy.

I therefore move, seconded by the hon. member for Ottawa West (Mr. McIlraith):

> That all the words after "that" be struck out and the following be substituted therefor:
>
> "That this bill be not now read a second time because of new provisions for arbitrary valuations which transfer the tariff-making authority from parliament to the minister and the cabinet, contrary to the principles of responsible government and the essential right of parliament to tax."

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on a point of order I would refer Your Honour to Beauchesne's fourth edition, citation 202, subsection 12, which reads as follows:

> An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.

Nothing, Mr. Speaker, could be much clearer than that hon. gentlemen opposite once

again are seeking to do indirectly that which they cannot do directly, namely to move a direct negative under the guise of an amendment. With whatever verbiage they cloak their amendment I suggest to you, sir, that it becomes perfectly obvious that, without saying so, they are merely trying to move a negative and thus disguise their real reasons for what they hope will be a defeat of the bill.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in reply to what the Minister of Justice has just said, I would draw to your attention two things. In the first place, I point out that on September 16, 1930, when similar legislation was introduced in a previous parliament, Mr. Stewart of Edmonton moved an amendment in the following terms:

> The character of this bill is such as to transfer to the government the authority of parliament over taxation, which is contrary to the principles of responsible government.

Your Honour will therefore see that in substance, though not precisely in words, that amendment is on all fours with the amendment just moved by my hon. friend the Leader of the Opposition. There was no challenge of the validity of that amendment at that time, and it is therefore a precedent which I feel we must respect in this house. I would also remind the Minister of Justice and recall to Your Honour's mind citation 382 of Beauchesne's fourth edition, which is directly related to amendments on the second reading of a bill, and of which the relevant part reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions—

I think that is the relevant portion, and I do not wish to detain the house unnecessarily.

Mr. Speaker: It is perhaps not always easy to draw the line between an amendment which is simply a negating of the principle of the bill and an amendment which is declaratory of a principle. It is clear that on second reading an amendment can be moved which declares a contrary principle, as has been—

Mr. Fulton: May I address you on that point, sir?

Mr. Speaker: Yes.

Mr. Fulton: I think the form of amendment which Beauchesne had in mind when referring to an amendment declaratory of a principle is where the mover of the amendment seeks to substitute for the bill some other principle, so that if the amendment were adopted there would in fact be some other principle being followed in the legislation, but not simply advancing in the form of an amendment of reasons or alleged reasons for opposing the bill. This is because the alleged reasons for opposing the bill are, of course, matters of argument and not matters to be incorporated in an amendment.

My hon. friend the Leader of the Opposition in his speech gave what he said were valid reasons for opposing this bill. He alleged that the effect would be to transfer control over taxation from parliament to the executive, and those are matters of argument. He has now sought to incorporate the same argument into his amendment and he has merely asserted reasons why he believes the bill should not be adopted. He has not set forth a principle which, if his amendment were adopted, would be substituted for the principle of the legislation which the Minister of National Revenue has introduced.

It will be perfectly obvious that if the amendment were adopted it would in fact be a straight negative of the bill. I have not the amendment before me, but as I recall it it says in effect that the bill should not be adopted "because", and then proceeds to assert matters which are argument and which, I submit, are so clearly an expanded negative as to fall 100 per cent within the citation of Beauchesne which I have read. This citation has been the over-all guiding principle of this house for many years in spite of the precedent referred to us by the hon. member for Bonavista-Twillingate. I suggest that a temporary aberration is not sufficient to override a principle of long standing.

Mr. Pickersgill: Mr. Speaker, if I may address myself to the remarks which have just been made by the Minister of Justice, which were to the effect that this was not an amendment declaratory of a principle different from the bill, it does seem to me that it is declaratory of the principle that the tariff-making authority belongs to parliament and that this bill seeks to transfer that tariff-making authority from parliament to the minister and the cabinet—

Mr. Fulton: That may be a reason in the mind of the hon. member.

Mr. Pickersgill: —that this is contrary to the principle of responsible government and the essential right of parliament to tax. It does seem to me that no more fundamental principle could possibly be asserted in the House of Commons than the principle asserted in this amendment.

Mr. Fulton: If perhaps the amendment were phrased in the form that the bill should not now be read a second time but that it be resolved that some other proposition be substituted therefor and then there followed the proposition which the hon. member alleges, then I submit the amendment might—if it did not fall on some other ground—be in order.

But that is not what is said in this amendment. What is said in this amendment is that the bill should be not now read a second time because of new provisions for arbitrary valuations which transfer the tariff-making authority from parliament to the minister and the cabinet. In other words, nothing could be clearer than that what has happened here is that my friends have inserted their arguments into their amendment. But they have not moved in this house that some other principle be substituted for that which they allege to be the principle of this bill.

Mr. Benidickson: A return to this standard principle.

Mr. Alexis Caron (Hull): Mr. Speaker, may I say a word on this point of order. The Minister of Justice cited Beauchesne's fourth edition, section 202, subsection 12. If he had gone on to cite subsection 13 it would have been a little different. It says:

An amendment to alter the main question by substituting a proposition with the opposite conclusion is not an expanded negative and may be moved.

And section 201 says:

A motion may be amended: (a) by leaving out certain words; (b) by leaving out certain words in order to insert other words; (c) by inserting or adding other words.

I think from these citations it is clear that the amendment should be declared in order.

Mr. Speaker: I thank hon. members for their views with regard to this proposed amendment. It is true that the effect of asserting a principle is to deny the bill and therefore, perhaps, this is a negative resolution as has been argued by the Minister of Justice. I think that is the necessary consequence of moving an amendment which asserts a principle. I might refer the house to the Parliamentary Dictionary which has a paragraph on an amendment which gives reasons, as this one does. The amendment proposes that the bill be not read a second time now, and it goes on to give reasons. This is what is said on that subject by the Parliamentary Dictionary at page 162. This is in the edition of 1956:

Reasoned Amendment: A reasoned amendment may be moved on second and third reading of a bill and on certain other occasions, as stated below. This form of amendment seeks, by substituting other words for those of the question "That the bill be now read a second (third) time", either to give reasons why the house declines to give a second or third reading to the bill, or to express an opinion with regard to its subject matter or to the policy which the bill is intended to fulfil.

Furthermore, we have a clear precedent already referred to of an amendment which is about as close as one could expect to find to the amendment which is proposed today, and that is the one which will be found in the *Journals* of the house for September 16, 1930 at page 23, which was accepted without objection. In my opinion this amendment satisfies the requirements of the rules.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. feel that this matter should not be proceeded with at this time. There are a great many reasons why we feel it is a mistake, and we will endeavour to put those reasons on record.

Canada, perhaps more than any other nation in the world, is dependent for a prosperous economy on the continuance of large scale trade and an expansion of trade, and I think perhaps more than any other nation we should be most careful to do nothing which would impede trade and prevent its expansion. I have in my hand Trade of Canada showing exports for December 1957, and I see that our exports in 1957 amounted to the very large total of $4,840 million. Anything that is likely to result in the reduction of our exports because we set up barriers to trade should not be lightly entered upon. Many of our main industries depend very greatly for their prosperity on a large export market.

In 1957 the value of agricultural and vegetable products going into export amounted to $831 million; animals and animal products, $302 million; fibrous textiles and textile products, $27 million; wood, wood products and paper, $1,456 million; iron and its products, $520 million; non-ferrous metals and their products, $1,006 million; chemicals and allied products, $195 million, and other miscellaneous commodities $154 million.

Canada was for many years the third exporting nation of the world, but according to information given to the Gordon commission and contained in the report, The Future of Canada's Export Trade, by 1955 Canada had dropped to fifth position, behind the United States, the United Kingdom, the Federal Republic of Germany and France. I submit that it would not be in the interests of our economy to take any steps which might result in a reduction of our exports and a general reduction in our trade.

Thus we have to look at this bill most carefully, and we find in it certain principles

to which we object. We object to the principle of the valuation of imports into this country on the basis of an arbitrary cost of production to which is added an arbitrary gross profit. We object to this bill because the decisions that will be taken will be decisions flowing from the cabinet or from the minister. How often in the past have we heard the Prime Minister object to government by order in council, government by cabinet decision? *Hansard* contains innumerable such references by the Prime Minister. And if there was one thing which beyond any other factor resulted in the Conservative party obtaining office, I believe it was that they were able to sell this principle to the Canadian public; that parliament should be supreme, that the supremacy of parliament should always be maintained, and that the governor in council should not be given authority to set in an arbitrary way such things as tariffs.

Under this legislation the governor in council will in certain circumstances arbitrarily establish a cost of production plus gross profit price with regard to goods entering into this country and for the purpose of establishing tariffs. This government is apparently going to acquire much more detailed information about the cost of production in foreign countries than it has been able to obtain regarding the cost of production at home. We have on the statute books the Agricultural Stabilization Act, in which the government has agreed to set certain floor prices for Canadian agricultural products based on the cost of production.

When we have asked whether these statistics on the cost of production of important agricultural commodities are available we have been informed that they are not. When farm organizations have come to Ottawa and asked that these figures be produced they have been informed that they are not obtainable because it has been impossible to ascertain the cost of producing these agricultural commodities. If that is the case, how much more impossible will it be for Canada to decide on the cost of production of goods coming into this country from foreign countries?

Another reason we feel this bill is not well timed is that it is being proceeded with just a few weeks before the forthcoming commonwealth conference. How can we reasonably expect an expansion of trade with commonwealth countries, and how can we reasonably expect the conference to succeed, if two weeks before the conference takes place parliament by passing this measure increases trade barriers against goods coming into this country from the commonwealth?

As has already been pointed out, section 38, subsection 1 of the existing Customs Act now provides for certain arbitrary powers, as follows:

38. (1) Where at any time it appears to the satisfaction of the governor in council on a report from the minister that goods of any kind not entitled to entry under the British preferential tariff or any lower tariff are being imported into Canada either on sale or on consignment, under such conditions as prejudicially or injuriously to affect the interests of Canadian producers or manufacturers, the governor in council may authorize the minister to fix the value for duty of any class or kind of such goods, and notwithstanding any other provision of this act, the value so fixed shall be deemed to be the fair market value of such goods.

Here is an arbitrary fixing of values, but it is an arbitrary fixing of values limited to those goods not entitled to enter under the British preferential tariff. This new bill removes this section and by section 39 allows the same arbitrary valuation of all goods coming into this country, no matter from what nation. One of the most significant purposes of this bill is to make it possible for the governor in council to erect further barriers based on arbitrary valuation against goods coming into this nation from commonwealth countries. We feel that the principle of this bill is wrong, and we believe most strongly that it should not be invoked against British goods by removing this exemption.

There has been a long history in this country of enactment of legislation such as we have before us today. In spite of the very learned statement by the Leader of the Opposition and the many excellent facts he brought forth, it has not always been the Conservative party which took the initiative in this direction. The record of the Liberal party is not without blemish. In 1922 under the prime minister of that day, Mr. Mackenzie King, the following amendment was placed on the statute books of this country. Section 3 of chapter 18 of the 1922 statutes reads as follows:

3. The said Customs Act is amended by inserting the following section immediately after section 47 thereof:

"47. (a) If at any time it appears to the satisfaction of the governor in council on a report from the minister of customs and excise, that natural products of a class or kind produced in Canada are being imported into Canada, either on sale or on consignment, under such conditions as prejudicially or injuriously to affect the interests of Canadian producers, the governor in council may, in any case or class of cases, authorize the minister to value such goods for duty, notwithstanding any other provisions of this act, and the value so determined shall be held to be the fair market value thereof.

The same kind of arbitrary valuation about which the Leader of the Opposition complained so effectively this afternoon is found in the statutes of this country in 1922, placed there by a Liberal government. But

in those days the tables were completely turned; the situation was not that which we find in parliament today. At that time we had as leader of the opposition the Right Hon. Arthur Meighen who had many interesting and important comments to make about this section. I should like to quote from Mr. Meighen's remarks as recorded at pages 3414 and 3415 of the House of Commons debates of June 22, 1922. This is what Mr. Meighen had to say:

This provision applied to natural products—

Oh, I am on the wrong line.

Mr. Benidickson: You had better get back on the party line.

Mr. Argue: Mr. Meighen had this to say:

I do not know whether this is fully understood or not by the hon. gentlemen to my left; but I admit that it is fully understood by me. This provision is protection personified. This is the last emanation from the government that denounced protection two or three days ago. For purposes of valuation the minister can fix the value where he likes, and any basis he likes, on any principle he likes, to suit any interest he likes, as low as he likes, as high as he likes, and when he likes. In a word, this simply puts into the power of the minister the whole elevation of the tariff of this country.

If Mr. Meighen were in the house today sitting on the opposition side he could use exactly the same words. He went on to say:

He—

The minister. I continue.

—can put on any valuation he thinks fit. In other words, it virtually enables him to fix the tariff where he pleases, and the house is asked to support the minister in that. We are asked to do so by a government who have denounced protection, but who, nevertheless, are introducing the most distinctly protectionist measure ever submitted to parliament. There has never been anything that embodied every element of protection so clearly as does this clause . . . the house is being asked to support an administration that takes to itself the power virtually to fix the tariff by order in council—an administration composed of gentlemen who howled for months against the ordinary functions of order in council.

—Now, let me repeat, if ever a government came down to parliament with a measure distinctly, emphatically, superlatively protectionist, that measure is the one now proposed.

...That hon. gentleman—

Referring to Mr. MacKenzie King.

—is now standing up and asking parliament to give him power to exercise a degree of autocracy unknown in any country in the world.

Those were statements made by a Conservative leader against a Liberal government which introduced a measure to provide for arbitrary valuation in the case of the importation of natural products. In 1958 the tables are turned. This government is introducing a measure which provides the same objectionable arbitrary powers, but not only against the importation of natural products into this country but of all products. Therefore, if Mr. Meighen was right in 1922, how much more would he be right in making the same kind of statement against a bill which is much wider in scope than the amendment to the Customs Act of 1922?

There is one section in this bill that I have noticed with particular interest, namely the section which has to do with natural products. I refer to subparagraph (b) of subclause (7) of clause 40A, on page 5 of the bill, having to do with the importation of fruits and vegetables into Canada. It is well known that the producers of fruits and vegetables in this country from time to time face very severe competition from the importation of such goods, mainly from the United States. This particular clause might give some protection or might alleviate in a minor degree for a short period the great difficulties that those producers face; but I think there is a better method of dealing with the situation that faces those producers than by embodying a provision in an act such as this.

Mr. Speaker: Order. In view of the amendment that is now before the house, it seems to me that the proper course to follow is to debate the principle which is enunciated in the amendment until the house has had an opportunity to deal with it, and that principle is limited to the objection that the bill transfers the tariff-making authority from parliament to the minister and the cabinet, contrary to the principles of responsible government. I think it would be out of order to debate any other principles of the bill except the one embodied in the amendment.

Mr. Argue: Mr. Speaker, that would be a rather severe limitation of the scope of debate.

Mr. Speaker: The hon. member will appreciate the fact that when the amendment is disposed of he can then debate the other matter.

Mr. Argue: That is what I was coming to, Mr. Speaker, I had not intended to make a second speech in this debate. If I am unable to proceed in this way at this time—and I want to refer to it only briefly—I am quite prepared to make a second speech. I am not endeavouring to adopt a course that is either objectionable to the house or will extend the scope of the debate.

Mr. Diefenbaker: I am sure that if the house was asked whether or not the hon. gentleman might be allowed to continue his general speech and not be limited to the

terms of the amendment it would certainly feel favourable to his proceeding.

Mr. Benidickson: At this stage of the session.

Mr. Speaker: Of course, if it is the wish of the house to debate the entire question as one I have no reason to object to that course. Does it commend itself to the house that members speak only once on this bill?

Mr. Pickersgill: Your Honour, I do not think we could accept that limitation. I think the spirit of the Prime Minister's suggestion is one that we would all agree with.

Mr. Diefenbaker: I was not in any way suggesting that there would be any limitation in that regard because that, of course, is far removed from my wishes at the moment. I thought the hon. gentleman was building his argument, and I think the house would agree. Your Honour is strictly right in your interpretation, but I feel that the tenor and the feeling of the house is that the hon. gentleman should proceed.

Mr. Crestohl: Does that also apply to subsequent speakers following the hon. member for Assiniboia?

Mr. Speaker: I am not very clear. It is a bit difficult for the house to express its view about having a debate on this subject as well as on the bill we have before us, but I shall allow the hon. member to proceed on the basis that he is speaking only once. If he rises again, however, I will be more severe with him.

Mr. Argue: I did not intend to volunteer that I would not speak again but I am quite willing to accept the speaker's suggestion as to the course I should follow.

I want to thank the Prime Minister for the statement he has made. I think it is an indication that perhaps the session has not many more days to go, and in a general co-operative spirit and with the feeling of good will amongst the members we can agree on an innovation in the rules that would seem to expedite the business of the house.

Mr. Nowlan: And that we are not arbitrary.

Mr. Argue: Not arbitrary so far as the rules of debate are concerned, but I would not want my remarks to be interpreted too widely.

I did point out that producers of certain fruits and vegetables in this country had faced very severe competition from time to time and that the clause enunciated in this bill would not provide for those producers the kind of marketing arrangements that I felt would be in their best interests and that they would like to have. I was about to say that I thought the policy put forward in this house the other day by the Minister of Agriculture (Mr. Harkness) in regard to peaches, in that a floor price was established, and the minister indicated that assurances could be provided to peach producers that adequate canning facilities and markets were being provided, was much better than anything that is contained in this bill.

We are most anxious that producers of fruits and vegetables in this country, along with other primary producers, should have the chance to market their products in an orderly fashion and at reasonable prices. Rather than the section of this bill we would suggest the full use of the Agricultural Prices Stabilization Act by the establishment of such minimum prices. This could be applied particularly to fruits and vegetables and more especially to peaches, apricots, plums and prunes. This has already been done in the case of peaches. Positive steps should be taken to assure adequate and continuous operation of canning and processing facilities.

Further we would suggest that an annual federal-provincial agricultural conference, attended by representatives of the federal and provincial governments, producers organizations, producers marketing and sales agencies and processors, for the purpose of orderly marketing and processing of fruit and vegetable products, should be arranged. We feel that this is an important provision. We would suggest the encouragement of international co-operation between Canadian grower organizations and United States grower organizations to undertake negotiations and discussions for the orderly marketing, on an agreed basis, of fruit and vegetable products between our two countries. We understand that to a degree such co-operative policies are already in effect. They provide at certain times of the year for the orderly importation into Canada of certain fruits from the United States and conversely orderly export of certain Canadian fruits during certain other parts of the year into the United States.

We feel that the provisions which this bill contains should not be proceeded with, and particularly not proceeded with at this time, in the light of the coming commonwealth trade conference. Canada, as one of the major trading nations of the world, is in no position to start down the road that leads to increased trade barriers and a worsening of our trade position.

We feel that there is another reason why we should not embark on such a policy at this time and that is the growing threat in the field of international trade as a result of the current Soviet economic trade offensive. It is not wise for Canada, it is not wise for other countries of the western world to undertake measures which will make trade

more difficult at a time when the Soviet union and the countries associated with it have embarked on a very aggressive program of expansion of international trade. We feel, Mr. Speaker, that the problems which this measure endeavours to deal with should be dealt with in other ways.

In introducing the measure the Minister of National Revenue (Mr. Nowlan) said that he thought it would help employment in our country. I am very fearful that any such measure which can result in increased trade barriers will have the very opposite effect and that it will result in more unemployment and further difficulties for the major export industries of our country which are so important to our economy and to which our nation owes so much. For these reasons we oppose the bill in principle and suggest alternative proposals for the industries that it is claimed the bill would help.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, may I, at this stage, enter the debate on the bill introduced by the Minister of National Revenue (Mr. Nowlan)? The minister also reports to the house for the C.B.C. and after hearing him, I feel that he should be a member of the C.B.C. performers' guild, for he introduced this legislation, which he knows to be of vital importance, with a nonchalance implying that the bill contained nothing important.

The fact remains, though, that this bill is a superlatively protectionist step, and is well in line with Conservative tradition.

It has been said in certain quarters that the Minister of National Revenue was no more enthused over the prospect of introducing this legislation than was the Minister of Finance (Mr. Fleming), but that the Prime Minister was anxious that it be brought forward at this time in order to prove that, though he had been a Liberal until 1928, he has really become a one hundred per cent Tory. In fact, if we study the history of the Conservative party, we will see that it has at all times identified itself with protectionism. When the party was being led by Sir John A. Macdonald, it was a protectionist party but its protective legislation was introduced in the house itself, and it was the house and not the cabinet that arbitrarily decided upon a given tariff that set the valuation of goods for duty.

[Mr. Argue.]

In those days Sir John A. Macdonald could well have definite reasons to follow a protectionist policy, because the population of this country was predominantly rural, to the extent of 70 per cent, and agriculture in those days was a family operation, and just enough was produced for personal requirements.

It will readily be understood that, in those days, customs duties were more a source of revenue for the country than a means of protecting industry, which, at the time was, to all practical purposes, inexistent, or very limited. The same thing held true about the United States. Indeed, at that time the United States, like Canada, had a protectionist policy because of the influence of its 70 per cent rural population. Today, the converse is true. The population of industrial cities represents about 70 per cent of the entire population, and even the farming industry—we describe it as such because it has achieved the status of industry—is comprised of all kinds of co-operatives which enable it to produce enough not only to provide for family needs but also to supply large national and international markets.

If Sir John A. Macdonald were back with us, I am convinced that, as a man of acknowledged superior intelligence, he would look upon tariff protection with a different eye than does the present Prime Minister.

Today, the government is taking devious means to reach an objective that they do not wish to admit. Tariffs are not being increased and we might be told in a moment, when the minister replies, that the government does not intend to raise tariffs and that this is meant simply to protect industries going through temporary difficulties. To my way of thinking, to adopt a particular tariff, or to provide under the bill for some way of arbitrarily setting the valuation for duty purposes of goods so that their price at entry will be higher than the original cost is in fact a tariff increase, even if the rate of duty is not raised.

If today the Conservative party chooses to use this roundabout way to introduce a protectionist policy, for which it is well known, it is because it fears representations from the west and from the maritimes which require foreign markets for their expansion, cannot be satisfied with domestic markets, and will have to seek foreign markets.

Under this bill, the minister is given unlimited powers. I will not deal with the sections of the bill, which is allowed only in

committee, but I find that the different sections are so drawn as to give to the hon. minister and to the government the power to increase the valuation of goods especially on the basis of their cost of production plus a profit.

The cost of production is something that is extremely hard to determine intelligently. Let us take the case of two manufacturers. One of them uses old methods and outdated machinery; he leaves his business to its fate, good or bad. As a consequence his cost of production is much higher than in the case of an industrialist who takes advantage of new methods and new machinery and keeps his business under close supervision. Thus, if the government were to abuse its arbitrary powers and wanted to protect a mismanaged industry, it would at the same time increase the revenue of well organized industries, that is of big industries because in most cases the lesser industries are the ones that are not so well organized.

In any event I feel I can say that this bill is the fulfilment of an election promise, even if the government does not dare admit it. That explains why this devious method is being used to invest the Minister of National Revenue with such extraordinary powers.

I have here a translation of an article published in *Saturday Night* for May 10 and signed by John A. Stevenson. I quote:

> One hundred and seventeen out of the 208 Progressive Conservative members in the new parliament come from Ontario and Quebec. Most of these 117 have been elected under specific pledges to work for the better tariff protection of industries in their constituencies which are suffering from foreign competition, and the prevailing volume of unemployment will supply them with ammunition for fortifying their pressure upon the government for remedial action.
>
> Accordingly there are signs that ministers are in a serious quandary about their policy in regard to trade and tariff. They know that any policy which gave the protectionist forces in the United States congress an excuse for passing damaging retaliatory legislation would be a very dangerous adventure and so they have been singing very low about the project for a diversion of our import trade. The Prime Minister has lately broken a long silence about it by an explanation that he had merely said that a diversion of 15 per cent from the United States to Britain would cure the present lack of equilibrium in Canada's balance of trade with the United States and whoever had represented him as having given an explicit pledge to accomplish this had been guilty of what Sir Winston Churchill once called "a terminological inexactitude."

And further:

> Every Tory member for a seat which has a textile plant within its bounds will be aggrieved if some succor in the form of higher duties is not forthcoming when Mr. Fleming submits his first budget.

This article therefore clearly states that the devious way in which things are being done at this time is designed to avoid irritating the west, irritating the east, irritating those extremists which come from the central provinces, Quebec and Ontario. In any event, every time a Conservative government has been in power the same thing has never failed to happen. The same devious method was always resorted to in order to achieve that end.

And still farther on:

> At the moment the Canadian Tariff Board is working overtime to deal with an abnormal flood of applications for higher protection for domestic industries.

In 1921, as the hon. Leader of the Opposition (Mr. Pearson) pointed out a few minutes ago, the same legislation was passed, under which the minister was given power to establish the value of production costs, and to add a reasonable profit. That is mainly what makes this legislation bad. We do not object to the minister having certain powers, but if he is enabled to exercise those powers for increasing tariffs, without this house or the Canadian people being informed, I say that this is wrong, and that we should therefore not support the legislation.

The Liberal party had to revoke the act in 1922. However, exactly the same legislation was enacted in 1930 by the Bennett administration, when the tariff was based on the valuation of production costs plus a set profit. Moreover, the minister had some discretionary powers which went beyond all limits; it was a protectionist power. Anyhow, as the Minister of National Revenue (Mr. Nowlan) said on another occasion, "What are production costs?" They may be anything and everything. This is perfectly true, and how will the minister be able to establish the value of a product in an efficient way at the best possible price?

Is it up to the government to protect an industry which does not look after its own business? Is it up to the government to protect an industry which is not well organized? No, but it is up to the government to safeguard an organized industry, not only so as to enable the owner to make a profit but so that those who are buying the goods may also benefit. Even the best government cannot be, any more than is the minister, in a position to determine a reasonable production cost with a reasonable profit. That is why we are opposed to the passage of this bill, as were the Liberals in 1921 and in 1930,

since we recall that in 1922 and in 1935, they had to repeal those bills, otherwise the United States would have kept on establishing tariffs themselves, as a reprisal measure against Canadian trade. Besides, that was one of the reasons for clause 38 of the former Bennett bill, which the Liberals wanted to repeal in 1948, in connection with British preferential treatment. Today, this provision is being kept in the bill, precisely through arbitrary powers granted to the minister, with regard to the determination of production cost, as well as through arbitrary powers placed in the hands of the minister, with regard to the determination of that cost and the establishment of related tariffs. This bill, therefore, ignores British preferential treatment.

Besides, let us not forget that Canada is an exporting country, which produces much more than it is able to consume. Canada needs markets, and if every change in government must give rise to difficulties as a result of the establishment by the party in power, through devious means such as this, of a protection tariff, I think unemployment, resentment and hardship will follow. A measure like this was adopted in 1921, and was followed by a slight business slump. Thank God, Canada put the Liberal party back into office, and the party created new markets after opening up the older ones. Unfortunately, in 1930, Mr. Bennett came back into power with his slogan that he was going to "blast his way into the world markets" through those devious means, and we saw what the consequences were for Canada.

Furthermore, advantage is always taken of any slackening in the tempo of business to have these same arbitrary measures and methods adopted. I put it to you squarely that I am concerned for Canada; I fear our industry will not be able to go on selling its products abroad, and that this will give rise to a production surplus, and a production surplus will give rise to unemployment. And when you get unemployment, the way to meet it is not to adopt that sort of measure, any more than to hand out unemployment insurance on a silver platter, but to clear the way for the marketing of our goods so that we have no surplus.

There has been talk lately of the important problem of textile products. The textile industry is exposed to difficulties, and is having trouble in riding the storm. Is it because of overproduction? Or dumping? I say no.

[Mr. Caron.]

Mr. Tremblay: It's because of the Liberals!

Mr. Caron: What is the hon. member saying?

Mr. Tremblay: It's a political stalemate.

Mr. Caron: I would never have thought that a university professor could display such ignorance!

Mr. Tremblay: Much loud talk but all meaningless.

Mr. Caron: The textile industry is going through a bad period. It is not by means of arbitrary measures like this one that we shall end the problem. It is all very well to be able to help the industry with this measure, but what is the use of doing so if it means throttling the country's economy in the process? To begin with, the textile industry is in difficulties in Canada, just like it is in the United States, England, Italy and indeed the whole world. Markets have changed, conditions are different, and one of the main difficulties confronting the textile industry arises from its having come into being in Canada at a time when communications facilities were poor and we hardly produced enough for ourselves. Today, however, there are fine communications facilities throughout the world, and the textile industry is in difficulties because, to begin with, we in Canada lack the raw materials, we have to import them from abroad, we must shoulder the transportation costs, and then re-export the finished product. Accordingly, production costs and sales prices are higher, and we have a hard time competing with prices prevailing on the American market. Indeed, the American market has had its own difficulties. Manufacturers in the state of Maine moved their industry to the south of the United States so as to be closer to the source of their raw materials because of dual transportation costs and some American industries even moved to South America.

We cannot solve this problem by adopting this arbitrary provision proposed by the government. Setting the cost of production against the market value is really bad and arbitrary powers conferred upon the minister are hardly any better. Encroachment upon the rights of parliament is the reason why we cannot accept this measure and why this amendment was moved.

When he was in the opposition the Prime Minister used to stand in the defence of rights of parliament whereas, today, he would

have us confer arbitrary powers upon the minister and the government. After censuring government by orders in council, he is the first one to resort to this method.

He, the first to condemn such a practice, gives his ministers powers which never before in Canada were exercised even by Conservative ministers. This we must oppose because it constitutes a threat to our trade with the world. Moreover, it is incompatible with the Geneva agreements and may lead to all sorts of difficulties in our trade with several countries. It is not in accordance with the spirit of GATT. While imposing on other countries, by indirect means, higher tariffs on the importation of goods into Canada, even though it may be contrary to the spirit of GATT, we do not like to see other countries react in the same way and resort to the same means for their own protection.

Well, here is one section which goes far enough since it states:

Where the minister is satisfied that material injury has been or may be—

Those words are beyond me.

—caused to any industry.

This means that when the minister thinks some prejudice may be caused, he has by that very fact the right to order the enactment of a tariff equal to production costs which will make the importation of some foreign commodity to this country practically impossible.

Section 38 says:

The value for duty shall be deemed to have been duly fixed by the minister pursuant to subsection (1) if the same is fixed on a basis or by a method prescribed by the minister.

That is to say not in the manner it should normally be dealt with on the world market, but by a method prescribed by the minister. It is inconceivable that the government should think of such an action, more particularly after everything that had been said by our hon. friends opposite especially during the last few sessions. Heaven knows how shocked they were when they were sitting on the other side of this house and the Liberal government was ruling by order in council. And now they themselves want to impose their point of view in this matter.

If you look the budget speech over again, you will see that the Minister of Finance announced that he wanted to determine the production cost plus a reasonable amount for gross profit. His mind was therefore made up even before the election! As it was said in an article published in *Saturday Night*, that decision was taken to please some members from Ontario and Quebec. The production cost was going to be established, plus a reasonable profit, but nobody wanted to ask for a raise of tariffs in this house because nobody wanted to displease people both east and west. The minister may well answer that the fair market value can be fictitious. That may be so. But nobody will ever find a way to know what the market value will be in other countries. We know it in the case of British articles imported in this country. We knew their market value; we know their value on the English market; if we didn't know, we could easily find out by asking the Board of Trade in London. But who is going to tell us how to determine the cost of production plus profit? And if you leave it in the hands of the minister, and he does whatever he wants to do, unbeknownst to parliament, what will happen? The Canadian people might very well pay more without knowing why, and without the house being told why!

Here is the definition of dumping in section 35:

Sale in Canada of goods at a lower price than the fair market value on the main market of the exporting country.

I know it is not too difficult to determine fair market value, but when it is claimed that the tariff is the cause of disquiet in the textile industry, I cannot help quoting the following article by Grant Dexter, in the Winnipeg *Free Press*:

(Text):

The tariff board report showed that the Canadian woollen mills were in difficulty but that the cause did not lie with imports. The chief causes were: More intense competition from synthetic fabrics and the heavy loss on inventory due to the fall in prices in 1953-54.

(Translation):

I could go on and give clear proof that, even according to the tariff board, textiles are not in that position.

We are asked at this time to give arbitrary power to support the textile industry, or so it is claimed. But who is to say where those in authority will stop? Who will tell us if, under pressure, the minister will not be induced to act in a way in which he would not normally act? He is as human as anybody else, and the cabinet ministers form a group who, like the rest of us, are subject to bargaining and to political difficulties. In order to make friends, they might well act in a way in which they would not act if they had to render a frank and honest accounting to parliament in this respect.

Well, we of the opposition have fought this legislation today because the point at issue is a transfer to the government of the powers of parliament. How will the cost of production be determined? Nobody knows. The Department of National Revenue as well as the Minister of National Revenue are quick in admitting that the cost of production may be anything at all. Since there is agreement on that score and since the minister is being vested here with arbitrary powers, it does seem to me that the government should accept the amendment put forward at this time and which is designed, to a certain extent at least, to change part of what we are asked to approve. In fact, the very principle of the bill endangers all those agreements which, up to now, have benefited this country.

Canada is an exporting country. As such it cannot afford to let the minister endanger our foreign trade by indulging in arbitrary decisions.

Personally I am somewhat inclined to free trade. I wonder why, with the arbitrary power which is being given the minister, how he will be able to meet with British parliamentarians with representatives of the government of the United Kingdom, when they will arrive in Montreal later this month to discuss agreements with the Canadian government, especially if account is taken of the fact that they have already suggested free trade.

Those people are not fools and, upon reading the bill, they will soon discover its hidden faults.

An hon. Member: The hon. member for Hull could certainly not do that.

Mr. Caron: Besides, we have had an extraordinary experience in the field of free trade. Indeed, before Newfoundland entered confederation, the British preferential tariff applied between the two countries and our exports to Newfoundland amounted to about $60 million a year. Since Newfoundland joined confederation, tariffs have completely disappeared and I am told that we now sell Newfoundland goods to the value of $200 million, which is a substantial increase and shows that free trade is not likely to affect a country with a sound economy.

In my opinion, such discretionary and extraordinary power is something that we cannot accept and which most parliamentarians who do not have blinkers could not accept.

I was reading recently the report of the 47th conference of the interparliamentary union which was held in Rio de Janeiro on July 24. Here is what Mr. Herbert Morrison, former labour minister in the British government, had to say in this report:

(Text):

It is not healthy for parliamentary life that parliament should be run by the government coming along with a policy or a decree, parliament forthwith holding up its hands and agreeing.

(Translation):

Mr. Speaker, I believe that, following what the government proposes now, parliamentarians will have only one thing to do in the face of arbitrary decisions taken by the minister, and that will be to raise the hand and approve the requests made.

I therefore urge members of the government—and I am afraid that they will accept it because the Prime Minister is bent on having this bill passed—to recall what they said when they sat on this side of the house. I especially ask the Prime Minister to recall the moving statements he made in connection with respect for the rights of parliament, when he was sitting on this side of the house. I make the same request to all members of the cabinet and, if they care to recall their past statements, I am convinced that, if they do not postpone passage of this bill until the next session in order to improve it, they will at least move some amendment themselves in order to make it more acceptable and more agreeable, not only to members of the opposition, but also to the public at large.

(Text):

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to say a few words on this matter from another standpoint altogether. The hon. minister is a lawyer and he may, like his other legal confreres in the house, appreciate what puzzles me. It is one thing to write a law; it is another thing to interpret it and to apply it. It is quite simple for the minister to write regulations but I wonder whether he has ever given thought to his colleagues on the bench who may be called upon to interpret those regulations. It is from that standpoint that I should like to speak.

I am not critical of the draftsmanship of the bill but I confess I find it extremely difficult to understand the various clauses of the legislation. I address myself to all members of the house irrespective of the side they are sitting on, and ask them whether they can say in all honesty and frankness that they have read all the various clauses of this bill and understood them. I find it very difficult to vote for a measure which I must honestly admit I do not understand. There are clauses set up at great length consisting of one sentence sometimes extending over two pages, and by the time one reaches the end one cannot trace any connection with the beginning. I do not want to think of myself as

a representative of the society for the prevention of cruelty to lawyers and to judges nor do I want to suggest that the members of the bar who may have to deal with these clauses will need to take post graduate law courses in Philadelphia, but that is the way I look at this legislation. Let me quote, as one illustration, clause 40 which is a relatively brief clause:

Where sufficient information has not been furnished or is not available—

I underline those words "and is not available".

—to enable the determination of cost of production, gross profit or fair market value under section 36, 37 or 39, the cost of production, gross profit or fair market value, as the case may be, shall be determined in such manner as the minister prescribes.

Now, Mr. Speaker, if such information is not available will the minister assume the role of having divine power and being a seer? Where will the minister get the information to determine this cost if the information is not available? That question, Mr. Speaker, a judge on a bench may at some time have to determine. The information is not available, and that is why I say in all frankness that sometimes I cannot understand the legislation. The measure points out in one clause after another—it is the protective phrase which runs all through this legislation—that where it is not possible to determine value it shall be done in such a manner as the minister prescribes.

It would have been a simple matter for the minister to have written this law by saying the value shall be determined as the minister prescribes, and nothing else. What is the purpose of writing a full page of a clause which then concludes by saying: "If this is not possible, the minister shall determine the method by which value should be established". It would have been simpler to have written one sentence: "Value for duty purposes shall be that which the minister shall prescribe or determine."

Similarly, on the question of appeal, I see that section 45 is repealed and replaced, and reference is made to appeals on a question of law. I address myself directly to the minister. A man is entitled to appeal on a question of law. Is it a question of law to determine cost of production? That is purely a question of fact. It is almost an elementary question of fact. Cost of production is not a question of law. If it is so difficult to determine cost of production why should one not have the right to appeal on a question of production cost?

Fair market value is not a question of law. The minister will surely admit that fair market value is a question of fact after determining a great many elements which go into the determination of fair market value. Why should not one be permitted to appeal a matter of fact such as fair market value?

Let us consider gross profit. Is that a question of law? It is not a simple matter from all these clauses to determine how gross profit will be established. If it is so difficult to establish gross profit the procedure of establishing it can be only by examining the facts. Why should not one be permitted to appeal the question of gross profit? The same thing applies to value for duty. It seems to be referred to very frequently and is almost the basis of the entire measure.

In my dealings with the department I have found the departmental officials most cooperative, congenial and anxious to serve. If a member of parliament can express a preference as to what department out of all the departments of government he prefers to deal with, my choice would certainly be the Department of National Revenue and the customs branch. I find them most cooperative. I also find, however, that they are placed on the spot in having to interpret. I do not like to press them for various interpretations. I believe the minister should not have created such a complicated vehicle to attain the objective he seeks. The protectionist objective could have been achieved in four or five sentences rather than in page after page of complex clauses that are practically all one sentence. He makes it extremely difficult for the officials of the department. I know they will have further difficulty in interpreting. They are constantly trying to divine what is in the mind of the minister.

I wish I could understand this measure. If I could I would perhaps deal with it in another fashion. Although I agree with everything my leader has said about the merits of this type of legislation and the principle which underlies it, in view of the fact that the legislation is not clear and is most confusing I cannot vote for it. Perhaps it was intended to be confusing and if it represents an attempt to cover up something the minister wishes to say but cannot say directly, I must say that not understanding the law I cannot in all good conscience vote for it.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I wish to address myself fairly directly to the amendment that has been proposed by the Leader of the Opposition (Mr. Pearson). I hope to take another opportunity, perhaps in committee, to discuss some other aspects of tariffs and protection. I quite well realize that pressure is increasing in the country when there is something in the nature of a recession to keep out foreign goods. This amendment is not concerned with

the problem of dumping. Dumping is a cry that is always raised by protectionists whenever they cannot meet certain situations on merit.

What we are discussing with respect to this amendment is a question of parliamentary authority over the fundamental principle of taxation something I suggest we should be zealously guarding at all times. The power to tax traditionally belongs to parliament and not to a minister or the executive and that is the main point, as I see it, in the amendment that has been advanced and which is before us at the moment.

The new government is proposing to go back to the experience with which most of us are familiar and one that was associated with the previous Conservative administration under Mr. Bennett. I would suggest to hon. members of the government, particularly those from constituencies in western Canada and the maritimes, that if the electors in those areas had any idea that the result of the election would be a return to arbitrary valuations such as they rejected so emphatically in 1935 the outcome of the election would not have been as it was on March 31. I suggest that those hon. members whose geography I know best who come from the prairie provinces should give very careful consideration to this.

I should like to draw to the attention of certain hon. members and particularly those from sections of the country where primary industry depends on trade the desirability of considering some of the practical results of this policy when it was promoted in the thirties under the last Conservative administration. I have in my hand a rather classic and up to date textbook with respect to customs administration in Canada, written by Gordon Blake, and appearing as one of the Canadian studies in economics, No. 9 of the series. At pages 102 and 103 of this volume which is an analysis of our tariff system under the heading "Reaction Against Administrative Protection", when reviewing the situation in the thirties, the author states:

> Official valuations were used also to impose very heavy duties on textiles. Values were listed on the basis of cost of production plus a reasonable advance for selling cost and profit, which in turn was based on the New York spot raw cotton price of seven cents per pound.

I wish to give illustrations of what happened before and after the issuing of a departmental letter of April 7, 1932. That is all it was but it represented the power to tax. Speaking of this the author states:

> A departmental letter of April 7, 1932, to collectors and appraisers gave instruction as to values for duty to be applied to various qualities of cotton fabrics, when imported from the United States.

Here is the result. The figures are taken from invoices that appeared in evidence before the United States tariff commission when they were, under their more liberal trade policy, prepared to exclude Canada from any of the benefits of that new policy. Prior to the letter we had an invoice value in Canadian currency on a textile imported on April 6, 1932, of $55.32. I shall not go into the detail of how the duty was calculated but the total duties, regular, special and excise tax, amounted to $28.69, still a very substantial portion of the invoice value of the goods. Then, a month later, following this mere writing of a letter with no authority from parliament other than parliament surrendering its authority by giving it to a minister, on May 8, 1932, on goods with an invoice value in Canadian currency of $51.66 the total duties, regular, special, and excise tax amounted to $49.08, approaching the full value of the goods.

This is in practical form what results when parliament surrenders its rights to decide upon the over-all levels of taxation and certainly a tariff levy is a tax. It is a tax immediately on the importer but the importer, as we all know, immediately passes that tax on to the ultimate consumer. I suggest it is important that this government and paricularly its backbenchers should consider that they now have the largest majority that has ever been returned to parliament in the history of this country and there is nothing to stop them expressing out in the open and in a proper legislative form their views as to what tariff rates should be. I suggest it is completely improper for them to remain silent in this respect and I again point out that the electors in many parts of Canada would not have elected them if they felt the government they support was going to use this back door method.

I suggest that it is perfectly proper to indicate to the administration what these rates on these commodities should be. It should be made known; it should be something of public knowledge; it should be the law of the land and not something that is a back door, hole in the corner, secretive, arbitrary type of taxing solely at the discretion of the Minister of National Revenue.

There are strong feelings with respect to this type of taxation and impost of cost, which I say are very quickly passed on in the form of cost on working men's overalls, or the cost of children's clothing, or those various things. This is something of utmost importance. I do not think I have read a better expression concerning this right to tax than an article which appeared in the Victoria *Times* of July 30, which had this to say:

> Foreign goods must not be sold here—

Apparently it had reference to announcements which were forecast in the budget. I continue:

—unless their selling price is as high as the cost of production, plus a reasonable profit.

How can the cost of production be determined? Will every foreign manufacturer tell the Canadian government how much he is spending on production or what profit margin he is earning? Of course not. Besides, the production costs and profits of every manufacturer are different.

Since the facts are unobtainable, the government will dream them up for itself. It will guess what it costs to produce a certain article, it will add an imagined reasonable profit and then levy import duties on the resulting figure.

Now, as I say, addressing myself simply to the amendment, I want to ask hon. members, particularly those from the prairie provinces and the maritimes and from northern Ontario, where we produce almost entirely for export markets, and in the past on a large and expanding two-way trade, whether or not they really want to vote for something that is hole in the corner, back room administration, resulting in taxation by simply writing a letter, as the most practical thing that might be the law of the land rather than a tariff rate expressed by parliamentary vote.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I thought the minister was going to reply, but since he is not I should like to make a few remarks that are strictly relevant to the—

Mr. Nowlan: I was going to speak briefly before the amendment was put but I certainly do not intend to make a speech.

Mr. Pickersgill: I do not intend to make a speech, either. In fact, what I intend to do mainly is to repeat a part of an excellent speech made in this house 28 years ago by another Liberal, sitting at that time in opposition, which I happened on and which I would add is far better than I could have done myself. But I wanted to say, first, Mr. Speaker, that after I read the bill, which is now before the house, I remembered the great interest that the Prime Minister always took when he was on this side of the house in King Charles' head which is relevant to the question which is before us now. The minister will remember, of course, that King James I, when he sought to liberate himself from the financial control of parliament, hit upon the bright idea that since duties were a tax on foreigners and not on the subjects they were not under the control of parliament. The Minister of National Revenue, of course, remembers the history of a merchant named Bate who was seeking to import currants. This became a very celebrated case in parliament and it led ultimately, in King Charles' time of course, to different and other methods of trying to get around parliamentary control of taxation. It led to the famous provision in the petition of right which I do not hesitate to mention here, sir, because it is one of the great charters of our liberties which I understand we are going to seek to confirm or start confirming later in the present week. It is something odd that as a prelude to that confirmation we should have this deliberate front door attempt to take the control over taxation away from parliament.

I really was tempted to get up to speak on this mainly by the fact that, in the speech of the hon. member for Assiniboia, the ghost of the progressive party walked through this house this afternoon with Mr. Meighen's temporary cloak over him. It was very interesting to hear what I suppose, if one went through all his speeches, must have been the only Liberal speech that Mr. Meighen ever made. I daresay it was made purely as revenge because his arbitrary legislation of the year before was being taken off the statute books. At the time that other legislation was put on, Mr. Ian Mackenzie said, as reported at page 257 of *Hansard* of September 16, 1930, in seconding Mr. Stewart's motion, to which reference was made earlier this afternoon, and what is completely relevant to the matter before us:

This legislation definitely deprives parliament of all control over our system of taxation in Canada. The fabric of our taxation system in this dominion, as in other countries, is concerned with our revenues and expenditures. What is the situation? By section 4 we are delegating to the cabinet council of Canada the complete right and authority to fix valuation, without limitation, on any article whatsoever imported into the dominion.

I am going to leave out a bit because it really has not any relevancy and go on:

The only argument adduced by the minister—

The minister on that occasion had adduced a little more in the way of argument than the minister has adduced today. I continue:

The only argument adduced by the minister in defence of this legislation is the tu quoque argument;—

Apparently, Tory governments never change. They either say, "You did it or you did not do it". That is their argument. I continue:

The only argument adduced by the minister in defence of this legislation is the tu quoque argument; he says, "You hon. gentlemen, when you sat to the right of the Speaker introduced a special section 43, or section 37a,—

That is the section on natural products to which the hon. member for Assiniboia referred this afternoon. Mr. Mackenzie went on:

—whatever it may have been, and you gave the same authority with regard to natural products." Now, although I do believe that the fruit industry of British Columbia is in need of protection, I believe at the same time that there may be far better remedies to meet the difficulties of the fruit growers of British Columbia than giving them the protection which is given by this government.

That is very similar to what was said by the Leader of the Opposition (Mr. Pearson) with reference to textiles. Then, Mr. Mackenzie went on:

> I am opposed to the principle of the old section 43, or 47a. I do not believe that parliament should give up its supreme authority and delegate it to any cabinet council, be it Liberal or Conservative, farmer or labour.

As I imagined the minister intended to refer to this matter when he replied, I thought it desirable to put on the record now that Mr. Ian Mackenzie in 1930, speaking for the Liberal party, repented at that time and we think he was right to take the position he took at that time. He took the position that the legislation of 1922 was objectionable, not as objectionable as this bill, but it was objectionable, and we agree.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I have no intention of making two speeches as such on this bill. I suspect that when second reading is concluded I will speak at some length and deal with the arguments which have been advanced. In so far as the amendment before the house is concerned, I simply say that in no way is this bill before us in any way a violation of parliament or a transfer of the powers of parliament to the executive. Ninety per cent of this bill is drafted to cover only executive rulings and administrative practices which have grown up in the department throughout the years and which were practised at the time hon. gentlemen opposite were sitting over here. If this is a violation of parliament, then, to use the tu quoque argument, they are the ones who are responsible for it.

The government cannot accept this suggestion in any way, shape or form and we cannot accept the amendment.

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

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Bourget
Bourque
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Dupuis
Fisher
Garland
Gour
Habel
Hardie
Houck
Leduc
Macnaughton
McIlraith
McMillan
Meunier
Mitchell
Pearson
Peters
Pickersgill
Ratelle
Richard (St. Maurice-Lafleche)
Rouleau—33.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Anderson
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bissonnette
Bourbonnais
Brooks
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Campeau
Cardiff
Charlton
Chown
Churchill
Cooper
Courtemanche
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Fulton
Grafftey
Green
Grenier
Grills
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Hodgson
Jung
Keays
Kennedy
Kindt
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Lockyer
Macdonnell
MacEwan
MacLean (Queens)
Macquarrie
McCleave
McDonald (Hamilton South)
McGee
McGregor
McIntosh
McPhillips
Maloney
Martel
Martineau
Martini
Milligan
Monteith (Perth)
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Pascoe
Paul
Pearkes
Pigeon
Rapp
Rea
Regnier
Ricard
Rogers
Rompre
Rowe
Smith (Calgary South)
Smith (Lincoln)
Smith (Winnipeg North)
Speakman
Spencer
Stanton
Starr
Stearns
Stewart
Tasse
Thrasher
Tremblay
Villeneuve
Vivian
Webster
White
Winkler
Woolliams
Wratten—120.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence.

PRIVATE BILLS

Mr. Arthur Maloney (Parkdale): Mr. Speaker, with unanimous consent I wonder if item No. 29, which is second reading of Bill S-17, of which I am sponsor, might be

considered first. It is a non-contentious bill respecting the change of name of the board of trade of the city of Toronto.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I am standing in for the hon. member for Simcoe East (Mr. Rynard), who also has a private bill on the order paper, and I regret that I must object.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. S-16, respecting Westcoast Transmission Company Limited.—Mr. Morton.

KENNETH HERBERT GREGORY

The house in committee on Bill No. SD-231, for the relief of Kenneth Herbert Gregory—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: This bill for the relief of Kenneth Herbert Gregory is another bill which has brought before the house many of the faults and failings of the committee handling these bills. In this particular case a number of things occurred which should not have occurred in normal procedure. The Senate committee when hearing this particular case—and it is a contested case—heard evidence on clauses 12 and 14. It will be noticed that there are 16 clauses and that allegation No. 12 reads as follows:

> That on October 29, 1957, respondent committed adultery with the said Ernest Meyers at the Tudor hotel, 599 Shelberne street, in the city of Toronto in the province of Ontario.

And No. 14 reads:

> That on Monday, April 28, 1958, respondent committed adultery with the said Ernest Meyers at the Queen's hotel in the city of Montreal, in the province of Quebec.

Senate report No. 239 discusses the allegations contained in clauses 12 and 14. The clause following the allegations reads:

> Wherefore your petitioner humbly prays that your honourable house—

Well anyway it is not in that section.

Some hon. Members: Oh, oh.

An hon. Member: Louder.

Mr. Peters: On page 8 the report says:

> It was resolved to report to the main committee that:—"Your subcommittee find as a fact that, according to the evidence adduced, the allegations contained in paragraphs 1 to 16 both inclusive and particularly that the respondent committed adultery as alleged in paragraphs 11, 12, 13 and 14 of the said amended petition, have been proved."

It would appear to be rather difficult to find out from the report of the subcommittee of the Senate how the allegations in clauses 11 and 13 could have been proved, because there was no evidence on those two particular allegations. They say that the allegations have been proved and that it was only fair and just that when an objection was made to the decision of the committee of the House of Commons they should be able to re-open this case on these two allegations which they had not previously discussed and that when they presented these allegations then they could come before the House of Commons committee. They brought evidence through new witnesses and presumably the evidence of those witnesses must have been the evidence on which the case was decided.

This, in my opinion, points up one problem facing the committee which should certainly be resolved before the committee sits again, for here we have the Senate ruling on divorce procedure and handling a case while hearing two allegations out of four and yet ruling on four of them that they had been proved, therefore making it necessary when an appeal was made on the two allegations which had not been heard before the House of Commons committee, that they should be able to re-open the case. I feel this is unfair to the House of Commons and it is unfair to the people involved. It is unfair to Mr. Gregory and to Mrs. Gregory, both of whom are involved in this case. They are being tried on two allegations and the decisions are made on those allegations, which are re-investigated before the house and a decision is made and then the case is again re-opened. Then we hear two different allegations which were not discussed at any length previously. We hear from witnesses on the second two allegations and in this case a different decision is arrived at.

In arriving at this decision another question was brought to light and that is that neither of the two lawyers, who are considered competent lawyers, both the lawyer for the petitioner and the lawyer for the respondent, after hearing the evidence on the second two allegations, presented very much of a case. It could be inferred, I think, because of the fact that cross-examination was not conducted as it had been in the previous allegations, that a settlement had probably been arrived at, and this was the reason for the basis of the divorce. If this is so I think the section here which says the petitioner in no way connived at or condoned the adultery committed by the respondent and that no collusion exists between the petitioner and the respondent to obtain a dissolution of the marriage does not apply if there was an arrangement between the petitioner and the respondent I suggest there was collusion in that case and that this section of the Senate evidence was disproven.

It has been said in one of our recent cases, I assume it was this one, that these two people have no intention of living together again and therefore we should do the charitable thing and dissolve the marriage as they were asking. I do not think we are constituted as a committee to grant this divorce simply because the two people are not going to live together and I do not think we should be in a position where we are going to do it because the settlement is satisfactory or not.

This case points out another problem: are the petitioner and the respondent fit people to obtain a private bill in this House of Commons. The evidence of the petitioner in this case indicated certain facts to the committee. I believe everybody who heard the petitioner was not too impressed with his sincerity or his mental attitude and there may be some justification for the fact that this lady is now an alcoholic and has been treated on a number of occasions for this affliction. It could be suggested that part of the affliction from which this lady is now suffering was a result of the years during which she lived with this particular man.

In the second case where we heard the last two allegations on sections 11 and 13, there was a lady who testified as to the adultery having taken place. Her evidence before cross-examination was very good evidence, I should say. She testified very straightforwardly, remembering the complete case, the hours, the dates and the times. She was very concise and straightforward in her particulars of the case. It was only after the lawyer concerned failed to cross-examine her to any extent, and her own lawyer did not lead her in any direction, that the members of the committee did ask a number of questions and establish the fact that though she remembered these particulars very well she did not remember some of the other things. It was brought out by the committee that the petitioner in this case had contacted this lady within a few days of her appearing before us and discussed the case with her, and the implication was that arrangements had been made for her to testify in this case. If this is so I think it points out another implication that collusion did take place in this particular case.

Some hon. Members: Shame.

Mr. Peters: I was not involved in the collusion. I think the house should feel ashamed if they are going to pass this type of case and I think it points out the need for a closer examination of these cases. In my opinion if the lawyers in these cases are not going to carry them to a conclusion and I think the committee will agree there was very little questioning on the latter allegations, there is always in people's minds the opportunity for the inference that there may have been some arrangement arrived at.

I think that this man does not deserve this divorce but I do think that probably the adultery charge has been proven. Certainly it was not disproved by the committee. I think the committee should have the right to make the decision in the first place and that when these allegations are cited the case must rest on the allegations they attempt to prove in the first place. If there are any allegations left over those allegations cannot be reheard because it would appear that if you are going to have a contested divorce you are going to be hearing these cases eight or ten times if they want to put in seven or eight allegations and have them heard each time. I am sure the chairman would agree that we do not want to get into a position that we got into this time where we are going to hear allegations that were not heard before.

Again it points out that when we are hearing new witnesses evidence should be taken down so that a final dispensation on the evidence can be made if the need should appear from something that happened later. The evidence should be taken down in a written form as it is now in the Senate. Also, we should have some direction on this committee from the House of Commons in setting up and constituting it. If we are going to have these divorce cases, as we have, we are going to have to have some pattern set up which will enable us to handle them in a proper manner and this particularly points this up. If we think that the man is not a fit subject to obtain a divorce I think the committee should obtain direction along that line. That should be part of the direction given to the committee when it is constituted the next time.

I am of the opinion that this particular case is a case where the allegations have not been completely proved. I am not satisfied in my mind that these people should have a divorce. I would say that we did not in my opinion prove or disprove the evidence that was given in the last two allegations in obtaining the divorce, so for that reason we are not objecting to the passing of this particular bill.

Mr. McCleave: The hon. member who has just spoken has made several points before the House of Commons which, if he had held a strong enough opinion on them, could have been made equally well before the committee.

There is the question of the character of the petitioner in this case, and whether the character of the petitioner was such as to entitle him to come before parliament and ask for relief. That was the ground on which the respondent's lawyers originally made an objection, but later it was withdrawn. In my handling of this case before the committee, before the evidence was completed and before the petitioner left the room I told the committee that if anyone had any questions regarding the man's merit to receive a divorce I would see that those questions were answered by the man when he was before us. When the committee came to consider its decision—a decision which was unanimous and included the vote of the hon. member who just sat down—that point was raised and no vote was taken upon it. We then dealt with the prime issue of the case, whether the allegation of adultery had been proven and we disposed of that, again unanimously.

On the matter of the procedure followed, it is perfectly true as the hon. member pointed out that the petitioner had two bites at this case. First, the hotel evidence. The two allegations were disposed of. Second, on the instruction of the House of Commons, where the hon. member might have made his objection, it came back before us and we heard evidence concerning two other allegations. I have learned something from that experience. Next year when we have counsel before us in these contested cases if they are going to rely on only two allegations out of a number of allegations they will be asked to either give positive evidence on the other allegations or close off their cases at that point so the experience we had this year will not be encountered in similar circumstances next year.

Some emphasis was laid by the hon. member on the question of collusion. It is an unhappy fact in divorce law that two parties cannot get together and enter into a written agreement on separation. Legal action has to be taken in that regard subsequent to the divorce being granted. In this particular case the lawyer acting for the petitioner and the lawyer acting for the respondent came before me. We discussed the matter at some length. It was clearly stated by these men who are reputable Queen's Counsel that no such agreement could possibly exist. It was unfortunate. They would have liked to have seen one exist in this case because the woman involved was an alcoholic and will obviously need some care before this chronic condition of hers is overcome. But the state of the law being as it is these lawyers could not make an agreement which would have been beneficial to the parties concerned, would have made the task of our committee a much happier one and would have been of benefit to society as well.

There is no possible evidence of collusion and to raise that question in the House of Commons is to question the reputations of two reputable lawyers by suggesting that they acted in a way in which they could not have acted and continue to maintain their standing in the bar associations of their respective provinces.

Mr. Peters: If, as the hon. member who just sat down states, there has been no settlement in this case then I would oppose the passing of this bill. I would assume there has been some arrangement made. I failed to ask that question in the committee and therefore I am partly to blame for not being able to say there had been some type of settlement in this case. If there was no agreement between the two parties—and we can only guess about that—then I am very much opposed to the divorce being granted on the simple ground that this woman will be left completely dependent on the mercies of the province in which she lives or whoever may be looking after her welfare. I am of the opinion she still has a serious medical problem that remains to be solved. I would submit that this problem is not entirely her own responsibility. From my encounter with the petitioner I believe some of the blame must be shared by him.

There is another matter about cases of this kind which I shall not discuss at length. I have no objection to what the lawyers do in these cases. After all, they are in this type of business and it is a smart business. The lawyer reopened the case on certain grounds. In my opinion he would have been well advised not to have pursued the matter. He knew it could not be pursued to any extent. I think the other lawyer felt the same way about the matter and did not pursue it but I believe some hon. members of this house who are members of the medical profession would have liked to have gone into the matter.

This case illustrates the problems we have to face. If we are going to hear divorce cases we should have a certain procedure to follow. The Senate has a procedure which it follows and a set pattern under which it operates but the House of Commons does not operate under that type of pattern. In my opinion we should be advised of settlements in these cases. If by means of a private bill we are going to dissolve a marriage after a number of years we should have the opportunity of making an assessment of the situation and assuring that an arrangement is made for the continued support of the woman in the case.

If the hon. member who just took his seat is saying that no decision has been made I would be very much opposed to the divorce being granted. I am not asking him to say that. He does not have to defend the lawyers. It is my personal opinion—as his was a personal opinion—that a settlement has been arrived at in the case. Although it would be nice to keep these people together so they could not ruin the lives of other people I think we should grant the divorce.

The Deputy Chairman: Shall clause 1 carry?

Mr. McCleave: Mr. Chairman, I have to answer that point. When we discussed this matter with the lawyers they said no written settlement had been reached between them. The husband has some amount of money and if after the divorce because of his wife's alcoholic condition he wished to make some financial provision for her that course would always be open to him but there could be no agreement reached between them beforehand or that would have constituted collusion.

Mr. Crestohl: Mr. Chairman, I do not know any of the facts in this case nor do I know the parties but I am rising as a result of a statement made by the hon. member for Timiskaming. If I correctly understood his remarks he made a statement that creates something of a paradox for the House of Commons. He appeared to insinuate that there may have been some sort of collusion or some sort of deal made between the lawyers that a divorce be granted. The hon. member constantly used the word settlement and said that a settlement was made as a result of which he would like to see the divorce granted.

I do not know if I correctly understood the ambiguous remarks of the hon. member but they appear to create a paradox for parliament. Under the law if there had been any collusion or if a deal had been made between the parties for a divorce to be granted the hon. member cannot properly say he will vote for the granting of that divorce. I do not know who were the solicitors in the case but I certainly do not think we should reasonably allow a reflection to be cast on them to the effect that a deal had been made and as a consequence parliament will grant the divorce.

The chairman of the committee on miscellaneous private bills assured this committee that no such indication was given and that indeed no collusion existed between the parties and that would be a better basis on which to pass this bill.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

Title agreed to.

[Mr. Peters.]

The Deputy Chairman: Shall I report the bill?

Mr. Peters: On division.

Bill reported on division.

Mr. R. J. McCleave (Halifax) moved the third reading of the bill.

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

MID-CONTINENT PIPELINES LIMITED

Mr. A. R. Smith (for Mr. Rynard): Mr. Speaker, I am standing in for the hon. member for Simcoe East (Mr. Rynard) who unfortunately was injured in a motor accident today and I would like to proceed. I therefore move the second reading of Bill No.S-15, respecting Mid-Continent Pipelines Limited.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this company has had a most interesting life history since 1952. Those hon. members who were in the house at that time will recall that the charter legislation sought by this company in 1952, and later, was most vigorously opposed by prominent members of the present government, by some members of the Liberal party and by the members of the C.C.F. Those who were here at that time will recall that there were some very interesting and at times caustic debates surrounding this legislation. For the information of the newer members who might not know the background and the history of this company which has presented this bill to the house for its consideration at this time, may I say I have taken some pains to prepare some rather careful notes so that I will condense the telling of the history of this company in as short a space as possible. After doing that I intend to quote from the speeches of various members of the government to illustrate to the house how they fought at that time for the protection of the interests of the Canadian people.

From our point of view, Mr. Speaker, and I think from the point of view of those gentlemen who opposed this pipe line bill so vigorously in years past, the history of this company is not particularly good. This bill marks the third separate and distinct proposal that this company has made to parliament.

The first occasion was in 1952, when, under the name of the Boundary Pipe Line Corporation, this company came before parliament with a bill that would have authorized them to construct a pipe line within Alberta, Saskatchewan and Manitoba or outside of Canada. Their declared aim at that time was to pipe natural gas from the area near

Medicine Hat to Winnipeg, with the possibility of exporting gas to a United States pipe line company from that point.

The next year they came before the house with a new bill masquerading under a new name, something like political parties do on occasions, the Mid-Continent Pipelines Limited, and a new proposal, namely to build an all-Canadian pipe line to transport natural gas from Alberta to central Canada. Actually, this new proposal seemed to be a mere gambit, in my opinion, in order to secure the approval of the House of Commons and the passage of the bill, for evidence before the House of Commons committee on railways, canals and telegraph lines shows that the company had not spent any money on economic surveys, and so forth, other than, if I remember correctly, the $25,000 that had been spent before the 1952 bill was presented to this house. The Minister of Public Works (Mr. Green) was most critical of the bill at that time and on a later occasion, on March 3, the present Minister of Public Works had this to say:

> I believe it was felt last year by many members of the house that these applicants were merely trying to get a charter for its nuisance value. If they could get a charter and then by hook or crook get permission to export gas from Alberta ahead of other pipe line companies, they would be in position to call the tune. There would be no doubt that they would have a most valuable asset. I believe the same position exists today with these applicants applying again for a charter.

This was on their second application. I continue:

> Another ground on which we opposed the application last year was that the gas was to be taken to the United States.

It seems rather clear that this new attempt to secure powers to build a pipe line outside of Canada has a similar motive. When the bill was in the House of Commons committee on railways, canals and telegraph lines in 1953 it was amended on the motion of the present Minister of Public Works and various words which the company now wants restored were struck out. The bill was amended at that time to prevent the company from doing the very thing that it proposes to do in the bill before the house at this ime. I remember very well how prominent members of the government, prominent members of the party and the former leader of the Progressive Conservative party fought this proposal most heartily. A sidelight is that as the company's parliamentary agent, Mr. D. K. MacTavish, said at the time these amendments were quite acceptable to the promoters. He said that the amendments proposed by the members on this side who were opposing the bill were quite acceptable then. What I want to know is, why are they no longer acceptable? The reason lies in the failure of the promoters of this company to get the blessing of either the Alberta government or the federal government so far as the trans-Canada pipe line project is concerned.

The promoters were not able to capitalize on their nuisance value. As I understand it, they were not able to call the tune and so they have set their eyes on a different project. Now they come before parliament with their plan to build an oil pipe line from the Edmonton area to Chicago. Most of the pipe line companies have provisions restricting them from building pipe lines outside of Canada. The Interprovincial Pipelines is one exception. If Mid-Continent Pipelines Limited were able to get this bill through, then they would indeed be in a very powerful position—this is one point I want to bring to the attention of the house—if at any time in the future such a pipe line route becomes generally acceptable.

A bargaining position is certainly all that the promoters of this company are trying to attain. So far as the members of this group can understand, I do not think that anybody can pretend that access to the Chicago market could be obtained without deals with United States oil and pipe line interests that would almost certainly involve very substantial United States control of this company which proposes to transport Canadian natural resources. Mid-Continent Pipelines Limited may be a Canadian company now and it may propose to set up a wholly-owned subsidiary in the United States to operate that portion of the pipe line built in the United States, but we can be sure that if and when this project comes to reality the parent company would itself become United States-controlled. An example of the kind of thing that could happen is in Westcoast Transmission where, in order to obtain a large sales contract with Pacific Northwest Pipeline Corporation, the company was advised to sell Pacific Northwest Pipe Lines approximately 25 per cent of its stock, making the matter of Canadian control of this company a rather open and debatable question.

In order that new members of the house can understand the background of the bill and know the opinions expressed by prominent members of the government, the former leader of the Progressive Conservative party and prominent members of the Liberal party, I intend to quote from *Hansard* for the 1952-53 session. One gentleman whom I have pleasure in quoting on this occasion is the

present Minister of Public Works who had this to say as found on page 2582 of *Hansard* for March 3, 1953:

In effect, the only thing he has said is that if they get the charter they intend to build a gas pipe line from Alberta through different Saskatchewan centres to Manitoba; and then he said something to the effect that they intend to go on to eastern Canada. I must admit at the commencement of my remarks that if I really believed that was the intention of the applicants, I would have little objection to this bill. But because I do not think that is as yet their real intention, I propose to make a few remarks with regard to the bill.

The hon. member for Vancouver-Quadra of that day went on to say:

A similar provision was written into last year's bill in committee; but unfortunately that provision does not mean very much, if anything, where a pipe line company proposes to run its line down to the United States boundary and then sell the gas to an associate company incorporated under the laws of the United States.

The hon. member for Vancouver-Quadra of that day also said:

Furthermore I believe that the people who are behind these applicants are the same people who were behind the bill presented in 1952. They were listed in the other place, and one of them was stated to be the Fish Engineering Corporation of Houston, Texas. In effect that company was the main applicant for a charter last year, and I believe is the main applicant behind this present bill. It is worth noting that this same corporation, the Fish Engineering Corporation of Houston, Texas, is today putting up a very bitter battle before the United States federal power commission to prevent the Westcoast Transmission Company Limited from taking Peace river gas into the northwest states. The very company which comes here now asking for this charter is trying to prevent Peace river gas going into the states of Washington and Oregon. It is doing so through another subsidiary, known as the Pacific Northwest Pipe Line Corporation.

He goes on to say:

I believe it was felt last year by many members of the house that these applicants were merely trying to get a charter for its nuisance value. If they could get a charter and then by hook or crook get permission to export gas from Alberta ahead of other pipe-line companies, they would be in position to call the tune. There would be no doubt that they would have a most valuable asset. I believe the same position exists today with these applicants applying again for a charter.

That is Boundary Pipeline Corporation, the people applying under the name of Mid-Continent Pipelines Limited. As found on page 2704 of *Hansard* for March 6, 1953, the present Minister of Public Works said:

Then if there is an exchange agreement the result will be that Ontario and Quebec will be subject to the federal power commission of the United States.

He further says on the same page:

I suggest that an exchange agreement is completely impracticable, particularly as there is a time element involved.

[Mr. Herridge.]

Further, he says:

In conclusion may I say that I believe it will be a great tragedy if this western gas is not used to supply Canada first.

Those are the remarks of the present Minister of Public Works. Then we had a very active member of the Liberal party opposing the bill on that occasion. As found on page 2706 of *Hansard* for March 6, 1953, Mr. Cruickshank, at that time the member for Fraser Valley, had this to say:

You may have noticed in the papers of the day before yesterday that Fish interests behind this bill have instructed their lawyers to take a new line of protest to prevent the movement of gas from Alberta and the northern part of our own province. They instructed their lawyers at Washington to see that under no consideration was any of this great natural resource being produced in Canada to be utilized for the development of Canada.

During the debate on that bill on March 10, 1953, Mr. Drew, the former leader of the Progressive Conservative party, had some very strong things to say about the bill presented at that time and I want to quote briefly from his remarks as found on page 2809 of *Hansard* for March 10, 1953. He said:

We will know then that we are dealing with a reality instead of simply the incorporation of a company which they have no intention of ever permitting to operate within any measurable period of time.

He went on to say on the same page:

Let the bill which permits the incorporation of pipe lines be amended to provide that a corporation dealt with in that bill shall be incorporated under the Companies Act of Canada. Then any applicants complying with the ordinary provisions of the Companies Act can make their applications for a charter, and the charters will be granted if they have complied with the basic requirements.

Mr. Speaker: Order. I am not sure that what the hon. member is reading is relevant to the bill we have before us. There are two principles in the bill, one having to do with a revision of the capital stock and the other the extension of powers.

Mr. Herridge: I am dealing with the previous debate on a bill which was brought before the house under the same name by the same interests. I was trying to indicate for the information of new members of the house the attitude of prominent persons in the house who spoke at that time.

Mr. Speaker: May I remind the hon. member that the principle under debate then was different. We have before us Bill No. S-15; and the previous history of the company is only relevant in so far as it relates to the two matters which Bill No. S-15 brings before the house, the changing of its capital and the extension of its powers.

Mr. Herridge: The hon. member for Vancouver East has suggested a point I was just about to raise. Are we justified, Mr. Speaker, in accepting this bill or trusting this company in view of its past performance and the expressions of opinion by prominent people in the government at the present time who suspected the company greatly on that occasion of not having the capacity to do the things it said it would do to the advantage of the Canadian people? I am doing this to illustrate their attitude towards the company with respect to its ability to do the things that it said it would do. In the first instance it came here and sought to be incorporated as Boundary Pipeline Corporation. Then it came here and sought incorporation as Mid-Continent Pipelines Limited and at that time it was proven in the committee that regardless of the great claims of the company as to what it was going to do regarding the export and transmission of gas or oil it had only spent $25,000 in a preliminary survey of the area for which they were seeking incorporation at that time. I just have a few more quotations, Mr. Speaker. Personally, my attitude to the bill is that it should go to a committee. I am taking this opportunity so that members of the committee will know what the attitude of prominent members of their own parties was with respect to former legislation with which this company was concerned. With your permission, Mr. Speaker, on that basis I should like to deal with two or three more citations before concluding.

Mr. Speaker: As long as they are relevant to the principles of the bill I have no objection.

Mr. Herridge: I have one here from Mr. Drew which I think is relevant to the principle of pipe lines in general. As found on page 2810 of *Hansard* for March 10, 1953, Mr. Drew said:

> Already on different occasions we have indicated our belief that there should be an over-all declaration of policy by the government that the interest of Canadians will be the first consideration, subject always to the soundness of the application itself and those backing it, and subject also to the ordinary economic conditions which require to be considered in a case of that kind.
>
> —we also ask that a policy be clearly declared that in any future instance pipe lines carrying Canadian oil to the east will follow a Canadian route instead of through the United States as is now going to be the case.

That is still the case in this bill. The intention of the company is still the same, as I understand it, in that respect. I just want to finish by quoting the present Minister of Justice (Mr. Fulton) who was a great opponent of this bill at that time. I hope that the members of his party will listen to his words of wisdom on this occasion. As found at page 3160 of *Hansard* of March 20, 1953, he had this to say:

> We have also asked for the assurance that Canadian needs, wherever they might exist and wherever they might be served potentially by the gas transported in the pipe line, would be served, before any export was permitted to the United States—
>
> Our position—

By that he means the position of the Progressive Conservative party.

> —is that parliament must ensure that the Canada first policy is pursued, so that the needs of Canada will first be served.

I have quoted at some length from these various members' remarks when a somewhat similar bill was before the house in 1953. I did so in order that new members of the house will have some understanding of the background of this bill and of the opinions expressed by various members in the House of Commons.

Before concluding I simply wish to say that I want this bill to go to the committee. I hope that the members of the standing committee on railways, canals and telegraph lines will take advantage of their opportunity thoroughly to examine this bill and to get all their questions satisfactorily answered by the officials and other witnesses provided by the company or by other persons from whom they may be interested in obtaining information.

Mr. E. Nasserden (Rosthern): There are some questions I should like to ask about this particular bill. I should like to know who the directors are, what their addresses are and also where the head office of the company is.

Mr. McIlraith: We are not in committee yet.

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

Some hon. Members: Question.

Mr. Speaker: The hon. member will have opportunity to ask questions in committee. There is no scope on second reading for the asking of questions. By rising and asking questions he has exhausted his right to speak. If the hon. member for Calgary South (Mr. Smith) wishes to speak, he may do so but he will close the debate.

Mr. Smith (Calgary South): Mr. Speaker, at this point I would prefer not to speak.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

BOARD OF TRADE OF THE CITY OF TORONTO

Mr. Arthur Maloney (Parkdale) moved the second reading of Bill No. S-17, respecting the board of trade of the city of Toronto.

Mr. Speaker: Does the hon. member for Parkdale wish to say something?

Mr. Maloney: Yes, Mr. Speaker. With the unanimous consent of the house I would request that the bill be considered in committee, reported, read the third time and passed and that the usual practice of requiring the bill to be referred to a standing committee be dispensed with.

Mr. Speaker: Does the house give unanimous consent to the procedure proposed by the hon. member?

Some hon. Members: Agreed.

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CUSTOMS ACT

AMENDMENTS RESPECTING VALUE FOR DUTY, APPEALS TO EXCHEQUER COURT, ETC.

The house resumed consideration of the motion of Mr. Nowlan for the second reading of Bill No. C-51 to amend the Customs Act.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, it has been said in this house, and I think rightly so, that although the government was elected on a Liberal ticket it has been administering the country with old and worn-out Tory policies with about the same alarming results which were obtained by previous Conservative administrations.

Mr. Benidickson: Back to Bennett.

Mr. Cardin: This return to Tory policy has been evidenced in the government's general attitude toward international trade.

Mr. Bell (Carleton): It has been increased, has it not?

Mr. Cardin: And more particularly it is evidenced in this bill to amend the Customs Act where under the guise of anti-dumping regulations the government is once again returning to the traditional Tory policy of protective trade barriers used by the Conservative administration decades ago with the deplorable results of which we are all aware.

We on this side of the house do not for a moment underestimate the dangers of dumping practices in this country, nor are we against anti-dumping regulations which will effectively stop this very unfair and piratical form of trade.

Mr. Bell (Carleton): Then vote for this legislation.

Mr. Cardin: It is quite evident that the previous government was not against anti-dumping regulations because it included in its legislation under the Customs Tariff anti-dumping regulations and we are completely in favour of any legislation which might curb this very nefarious practice. We are, however, opposed to legislation which, under the guise of anti-dumping regulations, is in fact a not too subtle return by the government to Conservative protectionism against normal competition or competition which is known throughout the world as being on a fair basis. We are opposed, as we have been opposed for a good many years, to the Conservative theory which the government is apparently re-introducing by this bill of the evaluation of duty based on cost of production plus a reasonable amount of gross profit and where the minister has the widest discrimination of guessing what is the cost of production and what a reasonable amount for gross profit might conceivably be and then fixing a completely arbitrary value for duty on such goods as he may deem fit.

I submit that this legislation is no longer anti-dumping legislation but is laying the foundation for the old Conservative protectionist theory. It seems to me that we should remember the experience of the Conservatives with this type of legislation. History does not warrant for one single moment a return to that type of protection. As a matter of fact, it seems to me that everything points to the contrary, and that beween 1930 and 1935 I think everyone will agree that this same type of legislation was not at all successful. It did not for a moment protect industry, nor did it solve the unemployment problem of that time and it certainly did not help our export trade. As a matter of fact, it was detrimental to the export trade and moreover it increased the number of unemployed during that period and today, when all the nations of the world, even those who in the past have been most reluctant to do so, have embarked upon policies of freer and freer trade—

Mr. Nowlan: Which ones?

Mr. Cardin: —and at a time when the Canadian economy depends far more on the maintaining and expanding of its foreign markets than it did in 1930, I submit that the return by this government to the unsuccessful and obsolete Tory protectionism can and will do very serious damage to our foreign trade

without solving the problems which now face certain Canadian industries.

All hon. members know and I believe sympathize with the problems facing our primary textile industry and no doubt the government had this primary textile industry in mind in bringing down this legislation. However, if the government is convinced that the true solution to the textile problem is greater protection, then I say that the government should act by the methods which have always been followed in this house, namely by asking parliament to raise tariffs against dumping or against unfair competition, if that is the purpose of this bill. I submit, however, that it is fundamentally wrong for the government to engage in a sort of high tariff protectionism by letting parliament and the people of Canada believe that it is legislating on anti-dumping measures whereas the government is bypassing parliament and the minister is being given the widest discretion to impose arbitrary values on imported goods.

Mr. Bell (Carleton): The hon. member is too intelligent to make such a stupid argument.

An hon. Member: The hon. member should make his own speech.

Mr. Cardin: I would recommend that the hon. member not only make his own speech but that he should look very carefully over the record of what happened from 1930 to 1935.

Some hon. Members: Hear, hear.

Mr. Chevrier: What about clause 39 of the bill; take a look at it.

Mr. Benidickson: Arbitrary powers.

Mr. Cardin: Personally I do not believe that the basic cause of the textile industry's problem is low tariffs; I do not believe that the true solution to the textile problem lies in high tariff protection against normal competition. To me the problem is far more basic than that and the solution to be brought forward in order to solve that problem cannot be a superficial or temporary one such as the solution offered by the present government.

Mr. Bell (Carleton): Such rot!

Mr. Cardin: This does not mean that the government should not give assistance and encouragement to this very important and responsible industry in Canada, but it does mean that the government should give assistance which is more aggressive and more imaginative and that it should be aimed at making the industry itself more competitive and more economical, rather than offer, as this bill provides, a passive assistance by protection which will in time stifle, smother and finally destroy the industry by making its existence impossible in this highly and increasingly competitive and hard-bargaining world.

I feel sure that Canadian manufacturers and industrialists realize, as we all do, that for some years now we have been witnessing a veritable revolution in world trade practices and policies. We see that we cannot successfully meet the serious challenge of new trading conditions by counting exclusively on the artificial and outdated forms of protection. Although I may scandalize certain people in this house and in the country I sincerely believe that the successful adaptation of the textile industry and other industries to present trading conditions can only be achieved after careful, complete, objective and honest scrutiny has been given to ascertain whether the industry either in whole or in part in its present form and with the present market is economically viable and sound.

If it is not, I submit that it is in the true interest of employees and manufacturers alike to face the situation as it really is and not as they would like it to be, and work together in order to change the method of production, the market or the product in order to make this industry economically sound and viable in present trading conditions. If the industry is economically sound and viable, then notwithstanding the serious difficulties and problems which now face it I submit that government, management and labour must consider together what steps should be taken to bring prices into line with those of other countries not only in Canada but on the world market. I feel that the basic problem facing the textile industry is not so much the problem of dumping but normal competition which is considered in the world as fair competition.

If the industry is to continue to exist I submit that normal competition must be met. There is really no easy way out of this problem. This bill, popular though it may be among some hon. members of the house and some people in certain industries in some areas, will not, in my opinion, solve the problem. It can only assure the complete disappearance of the industry by making it a misfit in present conditions and rendering it incapable of continued existence.

I believe that it is most unwise, most unsound and even dangerous for the government to assume, as it does in this bill, the role of protector of free enterprise at the expense of the general economy and by jeopardizing our vital export trade without giving in effect any real protection to the

industry. Of course, the government has a responsibility and a definite interest in helping those industries which are now in difficulty to readapt themselves to completely new conditions. That help should be sound, objective and effective and it should also be completely in accord with the true interest of the general economy of this country.

I do not pretend to be an expert on either the textile industry or the custom structure but I cannot help feel there must be some measure other than the unsuccessful and obsolete protectionist method embodied in this bill, which might offer a more effective solution to the problem, and which would be far more in keeping with our concept of free enterprise. It seems to me that if the government were to grant to the textile industry and to other affected industries an accelerated rate of depreciation allowance on machinery in order to permit the industry to reequip with the latest machinery and techniques so as to reduce the cost of production it would be a far more effective approach to this problem than the artificial protection contemplated in this bill.

I also believe that if the industries themselves lessened their diversification of production and concentrated on producing as cheaply as possible one or two qualities or patterns of goods in greater quantities they would be far more competitive than they are today. Then, through our Canadian trade missions throughout the world, the industry should cater to world trade. It should seek out potential world markets and organize themselves to compete in those markets with reduced diversification rather than cater to the home market exclusively with its limited purchasing power and its demand for highly diversified products. Most countries of the world have in recent years geared their industries to the home market, if you like, but with a keen and watchful eye on the world market and on world demand. In Canada, perhaps because our country is comparatively young, we have geared our industry to supplying the needs and tastes of the home market, despite its exigencies, neglecting the fact that the world market offers a great opportunity of stabilizing those industries which are now in difficulty if the necessary steps were taken to adapt the method or production and to set the cost of production in accordance with world demand rather than limiting operations to the very restricted and very exacting demands of the home market.

The former government foresaw this very marked trend toward freer and freer world trade, and because the former government did realize that the world market offered a very good solution to the problems which

[Mr. Cardin.]

are accompanying our economic expansion, Canada became not only a signatory to the general agreement on tariffs and trade but a very active and enthusiastic member of that extremely important international organization which I consider to be essential if we are to have free trade in the world. It may be useful to put on the record once again the introductory paragraph of the general agreement on tariffs and trade. After citing the different countries which are signatories to the agreement we read, and I quote:

> These governments . . . recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods.
>
> Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce—

I submit, Mr. Speaker, that the cost of production formula which is the key note of this present bill for establishing value for duty is contrary to the objective and spirit of GATT, a portion of which I have just read. It is true that the present legislation does provide for the use of the cost of production method as a technique of last resort but under the present legislation we can have recourse to the cost of production method in evaluating duty only after we have gone through and exhausted the six or seven other methods that must be followed. Only when it is impossible to arrive at a value for duty, according to the present legislation, are we allowed to follow the cost of production method.

But under this bill the cost of production is given a competely new status. It is no longer a residual method of determining value for duty but is an alternative method under which the minister is no longer required to exhaust the other methods of determining value for duty but is given the widest discretion of guessing what the cost of production may be on certain items and imposing that as the value for duty.

I submit that this theory is a form of high tariff protection. It is a barrier to trade, discriminatory in practice, and contrary to the objective and spirit of GATT. It also conflicts very strongly with section 2 (a) of article 7 of GATT which establishes that value for customs purposes, and I quote:

> —should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

Part (b) of section 2 of article 7 of GATT makes it quite clear, and again I quote:

—actual value should be the price at which, at a time and place determined by the legislation of the country of importation, and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions.

Therefore, I submit, GATT lays down a natural price in the market of export as the basis for the value for duty and the price is not a guess on the part of the minister or any one else as to what the cost of production may be. All of this, Mr. Speaker, to say that the type of legislation now brought before the house is not compatible with GATT.

In support of my contention I have the great pleasure and honour of citing a person who to my mind is one of the greatest authorities on this matter, the Right Hon. Louis St. Laurent, who on December 16, 1953, as reported at page 976 of *Hansard* of that date, said:

Our interpretation of our obligation under GATT is that we cannot resort to the cost of production price, if there is another way of determining what is the fair market value. It is only when we are prevented from using other ways of determining the fair market value that we feel that under GATT we can resort to investigation of the cost of production.

Later in the same debate, as recorded on the same page of *Hansard*, Mr. St. Laurent said:

We undertook to allow the importation of goods at the tariff rates based upon fair market value, and this form—

Cost of production. I continue:

—of determining value was discussed in the negotiations and discarded. It was urged that that was not fair market value and that the cost of production might have very little relation to the actual market value of the goods.

Later, as reported at page 977, Mr. St. Laurent said:

Mr. Chairman, it is not the government that the hon. member would have to satisfy that you can go back to the pre-1948 practice and still comply with GATT. It is the other members of GATT. They would regard a return to the 1948 situation as a clear violation of the undertakings of GATT.

I submit, Mr. Speaker, that what this legislation is doing is going back to the pre-1948 practice. I also say that as a result of this legislation retaliatory action on the part of other signatories of GATT, provided for under the agreement, could be imposed against Canada and this, of course, would be very prejudicial and have dire consequences on our foreign trade and our general economy in Canada. At a time when there is economic difficulty and unemployment in Canada I submit we cannot afford to risk any further deterioration in our economy by introducing legislation which was so unsuccessful in the past. For these reasons, Mr. Speaker, I would move, seconded by the hon. member for Levis (Mr. Bourget):

That all the words after "that" be struck out and the following substituted therefor:

this house reaffirms the adherence of Canada to the spirit and objectives of GATT, which are clearly violated in the provisions of this bill.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I think it is probably hardly necessary for me to raise the point of order—

Mr. Benidickson: No, it was ruled upon earlier.

Mr. Fulton: —that this amendment is out of order under the provisions of subsections 3 and 5 of citation 203 of Beauchesne's fourth edition. Subsection 3 of citation 203 reads:

An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Subsection 5 of this citation reads:

An amendment was ruled out because it raised a new question which could only be considered on a distinct motion after notice.

I believe the argument of my hon. friend who just moved the amendment defeats his amendment because if as he says this is a complete violation of GATT then obviously the proposition involved in GATT is foreign to the proposition involved in this bill. I do not of course accept his argument but that was his argument and therefore his amendment is out of order under both subsection 3 and subsection 5 of citation 203.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would cite again to Your Honour—and perhaps it is almost redundant to do so—the relevant words of citation 382 of Beauchesne's fourth edition:

It is . . . competent . . . to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill—

Mr. Fulton: It must be relevant thereto, though.

Mr. Pickersgill: Of course. I am sure Your Honour could not entertain for a moment the suggestion that a bill which seeks to provide in the Customs Act items that are different from those to which we agreed at GATT is certainly not relevant to GATT and GATT to it.

Mr. Cardin: I am not an expert on procedure but I would like to read from "May's Parliamentary Practice", sixteenth edition, at page 530:

It is also competent for a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment".

I consider, Mr. Speaker, that what I moved was a reasoned amendment. Paragraph 1 of this section, speaking of an amendment, says:

> It may be declaratory of some principle adverse to, or different from, the principles, policy or provisions of the bill.

I submit, Mr. Speaker, that the principle in this particular case was GATT and the policies in the bill which are adverse to GATT are the cost of production. I really believe in my own mind, Mr. Speaker, that my amendment is completely in order.

Mr. Speaker: The Minister of Justice makes the proposition that the amendment deals with a matter which is foreign to the proposition involved in the main motion. Perhaps he would like to elaborate on that. We have been referred to treaty obligations under GATT which relate to the method of valuing goods for duty purposes and that this bill deals with that same subject matter. I do not consider it as self evident, as the minister seems to do, that this is a foreign principle. It is an adverse principle. The question is whether it is relevant as being related to the subject matter of the bill or whether it is foreign.

Then, the other point which the minister may make is that it raises a new question and therefore requires notice. Perhaps he wishes to deal further with the question of relevancy. What he has said scarcely establishes that principle.

Mr. Fulton: Mr. Speaker, I rely, of course, entirely on the citations in Beauchesne and the past rulings of Speakers of this house which are to the effect that when a minister introduces a bill which is an amendment to existing legislation, then it is not open to another member to introduce by way of amendment a proposition which raises a new question and is in that sense not relevant to the bill before the house.

Let us consider the position. Here we have a bill to amend the Customs Act. My hon. friends who have advanced a number of propositions by way of argument as to why that bill, in their opinion, should not be approved on second reading are again, I submit, seeking to put forward now argumentative matter under their amendment that it is not open to them to do. They have advanced a number of propositions which in their view indicate that the bill should not be supported.

But an amendment to the Customs Act, by their own arguments, has nothing to do with GATT whatsoever. They say it is a breach of GATT. We, of course, do not accept that argument but that is a matter of argument. Now, they are leaving the principle of the bill and advancing an entirely new proposition which is that "this house reaffirm the adherence of Canada to the spirit and objectives of GATT, which are clearly violated in the provisions of this bill." That has nothing to do with the proposal made by the Minister of National Revenue (Mr. Nowlan) in the legislation before the house. By their very own arguments it has nothing to do with it. Therefore, it is a matter entirely unrelated to it. What they are seeking to do are two things: one, to advance an argumentative matter by way of amendment; and, two, to introduce a proposal which has no relation to the subject matter of the resolution before the house.

I recall time after time in my experience when hon. members have sought to introduce new subject matter not related to the principle of a bill and they have been ruled out of order by successive Speakers—I recall Mr. Speaker Macdonald, particularly—on the basis that an amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved. We had just yesterday an example of a proposition which advanced new subject matter which was not relevant, and as I submitted at that time—I recall the point of order was raised by Your Honour—an amendment not relevant could only be introduced after notice. That is the very reason for the provision in the rules that amendments which raise new matter can only be introduced after notice so that the house will not be taken by surprise.

I submit very firmly that this amendment sets forth a proposition which certainly deals with a matter which is foreign to the proposition involved in the main motion, and is shown to be so by the very arguments by the hon. member who has moved the motion and as such it raises a new question which could only be considered on a distinct motion after notice. Notice has not been given. I rely on the clear words of subsections 3 and 5 of citation 203 in the point of order which I put forward.

Mr. Pearson: Mr. Speaker, on the point of order, this bill is one to amend the Customs Act in respect of valuations for duty and in no other respect. Each clause in this bill is concerned only with valuations for duty.

Mr. Nowlan: Not wholly.

Mr. Pearson: It is concerned with valuations for duty. The GATT agreement, to which Canada is a party, also has very important clauses dealing with this matter of valuation for duty and nothing could be more relevant to the clauses in this bill than the obligations we have undertaken under GATT

in respect of the procedure for determining value for duty. If it is felt, as we do feel, that some of those valuation provisions contravene obligations we have undertaken under GATT, then surely it is relevant to this bill to move an amendment along the lines of the amendment which has been moved by my hon. friend. To say that our obligations under GATT in respect of valuations for duty are not relevant to this bill which deals with valuation for duty seems to me to be a completely unrealistic position to take.

Mr. Pickersgill: I have just one observation I should like to make on the point raised by the Minister of Justice. He referred to the decision made by Your Honour yesterday. I suppose it is hardly necessary to recall that it had relation to a resolution and not to a bill and that Your Honour drew the attention of the house to that fact and in doing so pointed out that it was competent to move this kind of amendment on the second reading of a bill but that you did not feel it was on a mere resolution of that character.

Mr. Nowlan: Mr. Speaker, before you give your ruling on this matter, the Leader of the Opposition has said this bill deals with matters of valuations for duty. That is true in part. There are sections here dealing with valuations for duty but there is also a section here dealing with the power of the minister with respect to censorship and procedures which should be followed with respect to books which are pornographic or seditious. Is that a violation of GATT or is that a violation of the Bible? Just where does the amendment come in with respect to that?

Again, there are several sections here dealing with the appeal procedure and that certainly has nothing to do with GATT. I suggest to you, Mr. Speaker, that if there are specific sections here which, in the opinion of members of the house, are a violation of GATT that matter can be raised when we are dealing with the section itself, but the bill covers composite matters involving customs administration, customs procedure, valuations and other kindred things. Therefore I suggest that the amendment is entirely out of order. In case you should rule otherwise, Mr. Speaker, while I am on my feet I should say as well that the government certainly recognizes the spirit and objectives of GATT just as much or more so than do hon. gentlemen opposite.

Mr. Pearson: If you did you would not have introduced this bill.

Mr. Speaker: As this is the second time today we have had to consider the relevancy of an amendment on second reading perhaps I might take a minute to refer to the principles that should govern the house in its procedure at this time. I think they are well stated in May, 16th edition, at page 530, referred to by the hon. member who moved the amendment to the motion for second reading.

May refers to the usual six months hoist amendment, which is one type, at some length, and I will not read that. He then goes on to the second category of amendments into which this amendment must fall if it is to be sustained and calls them reasoned amendments. He says:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment". . . . A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.
>
> (1) It may be declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill.

That is the first test, that it declares an adverse principle.

> (2) It may express opinions as to any circumstances connected with the introduction or prosecution of the bill or otherwise opposed to its progress.
>
> (3) It may seek further information in relation to the bill by committees, commissioners, the production of papers or other evidence.

At page 531 the following appears:

> The following rules, govern the contents of reasoned amendments:
>
> (1) The principle of relevancy in an amendment governs every such motion. The amendment must "strictly relate to the bill which the house, by its order, has resolved upon considering."—
>
> (2) The amendment must not be concerned in detail with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee.

That is the point the Minister of National Revenue raised, that this matter might more appropriately be dealt with by amendment in committee as it relates only to certain sections of a bill which has a broader principle. I continue the quotation:

> Nor is it permissible to propose merely the addition of words to the question, that the bill be now read a second time, as such words must, by implication, attach conditions to the second reading.
>
> (3) An amendment, which amounts to no more than a direct negation of the principle of the bill, is open to objection.

On hearing what has been said and from a perusal of the bill I would have thought it would have been possible to frame an amendment which proposed as an adverse principle that the bill was in contravention of the treaty obligations of Canada under GATT, subject to what the Minister of National Revenue says about that perhaps being a matter relating to specific sections rather

than to the whole principle of the bill. I would have thought that such an amendment could properly be framed within that meaning and form the subject of a debate on the principles involved, focusing attention, as it were, on that particular objection to the bill and thereby providing an opportunity for a directed and perhaps limited debate.

But I must say that this particular amendment seems to me to go about the matter from the other end. It begins by reaffirming the adherence of Canada to the spirit and objectives of GATT and that seems to me to be going outside the matter that is before us at this time. That involves a new, different and quite extensive proposition that could scarcely be entertained in a debate on the second reading of this particular bill. As an afterthought the following words are tagged on, "which are clearly violated in the provisions of the bill". In the form in which it is presented I am of the opinion that the amendment does not meet the requirements of the practice of the house.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to have a few words to say on this most interesting and important bill intended by the government, we presume, to prevent unfair competition for certain manufacturers and industries in this country and certain agricultural producers. Before proceeding further, I must say that we think the minister means well so far as this legislation is concerned and we give him full credit for that.

The minister said today that the principle of valuation had been in effect since confederation with modifications from time to time to meet certain conditions and circumstances, but a reading of *Hansard* and amendments to legislation throughout the years indicate that it has had a zigzag course and the fundamental problem that existed when the Liberals gave effect to dumping legislation in 1922 remains with us today. I remember the 1930 election when the Conservative party campaigned in the fruit districts of the interior of British Columbia and suggested that improvements in dumping legislation would bring stability to the fruit industry, and I am quite sure they intended to do that. They received a very heavy vote in the Okanagan and the Kootenays at that time because of the desire of the fruit growers to find some security so far as their marketing problems were concerned.

But that has not been the result. While I freely admit that this bill is intended to provide some measure of relief to fruit producers and others, the basic problems of these producers—I am speaking now particularly of the fruit industry of which I have some knowledge—are still with us because we have failed to face them and have relied from time to time on legislation like this. As I read the record, this course of action was commenced by the Liberal government in 1922 and at that time was denounced by the Conservatives. The legislation was then extended and improved under the leadership of Mr. Bennett in 1930 in accordance with his promises to the fruit growers in his campaign of that year. At that time the Liberals opposed Mr. Bennett's amendments to the legislation most vigorously. However, the Liberals continued to support the legislation in principle after their return to office in 1935. Therefore from our point of view we cannot understand how the Liberals can logically oppose or criticize legislation which in principle was begun by them in 1922.

Mr. Pearson: Oh no, not at all.

Mr. Herridge: I think that statement is correct.

Mr. Pearson: No, quite incorrect.

Mr. Herridge: We are not in the habit of making statements without checking the facts beforehand. I suppose we should view this legislation as an attempt by the government to provide a temporary expedient to cover certain conditions and circumstances with respect to marketing problems so far as the fruit industry is concerned that have occurred frequently throughout the year. None of this type of legislation has finally solved those problems. As I said before, this bill may provide some remedy, some slight improvement but the basic marketing problem of the fruit industry of British Columbia and the rest of Canada remains with us today.

While the type of industry—I mean the manufacturing industry—affected by this bill is generally found in eastern Canada and, as far as western Canada is concerned, in the larger centres, there is included a section in response to the representations of the fruit growing interests in Canada and certain of the vegetable growing interests. No doubt that is why the government has included this section in the bill.

On this question I can speak with some experience. I come from a family that came to this country to grow apples and grow rich. I may say that we certainly have not grown rich except in experience. I know all about bringing the virgin forest into production, planting an orchard and working it into shape. We planted a small orchard of about five acres of apples. I remember in the first instance when it cost us $500 an acre to clear the land in the early days. I remember marketing our first box of apples. No one will realize the thrill one gets when

marketing their first box of apples when they are produced from virgin soil. As to the first box of apples we marketed, I was sent by my father to borrow 10 apples from a neighbour in order to make up the box. You can understand what a celebration it was for us with our trying experience, and our experience was the experience of many others.

An hon. Member: Did you ever return the 10 apples?

Mr. Herridge: I mention that only to indicate the hope, labour and capital that went into developing the industry and to indicate that I have some knowledge of the industry in British Columbia from the grass roots up, and that I am very sympathetic indeed to the fruit growers' problems and have a thorough understanding of them.

I also happen to have been a representative of the Kootenays on an organization committee that organized and agitated. That was in a period when respectable Conservatives and Liberals, lay down on the railroad in Kelowna and refused to let the trains move and carried placards around. Actually they acted like members of the working class under similar circumstances. Anyway, we in this group know that, whether they were Conservatives, Liberals or C.C.F., they were in a difficult position. I was on the committee representing the Kootenays that first organized and agitated the fruit growers into action. As a result there was finally placed on the statute books of British Columbia the first marketing legislation which has been a model for the rest of Canada and which the people in Ontario, Quebec and other places have seen fit to follow and to pattern their legislation upon. So, Mr. Speaker, I speak with some interest in and some concern for the welfare of my fellow fruit growers, with a knowledge of production and marketing problems of tree fruit growers in British Columbia.

I know of their efforts to improve production methods, to improve their marketing practices, I realize that they have done practically all that can be done by an intelligent group of growers to organize their production which is on a very excellent basis indeed and to organize their marketing processes. What is required now, both in the federal and in the provincial field, is government action to supplement these self-help efforts that have been going on for the last forty years if the fruit growers not only of British Columbia but of the rest of Canada are going to receive a fair return for their product.

I know that this bill is introduced by the government as an attempt to do something on a temporary basis to meet a very critical situation so far as the fruit industry in British Columbia is concerned. Fruit and vegetables are very difficult crops to market compared to some other agricultural commodities. You can store beef; you can store grain; and you can store other farm commodities easily; but there are certain fruit crops, such as soft-stone fruits which you cannot store and which must be marketed often under difficult conditions. They are subject to quick and wide price fluctuations due mostly to changes in weather conditions which cause rot or delayed maturity. For instance, a short crop may mature all at once and cause a glut on the market. Bad weather, unseasonable rains, abnormal temperatures, all these things can put a fruit grower in a very difficult position. Crops which affect Canadian producers start in the southern United States and gradually work north. We have that experience every year with respect to certain crops. The early production from such areas usually brings a fair return, which return ensures the producer the over-all cost of production plus some profit in those circumstances. Canadian production commences and must meet competition from the height of the season production from the border states. Certainly our growers seldom enjoy the higher returns they are entitled to from their early production.

We are affected by climate. We are affected by geography and we are affected by the vicissitudes of the fruit industry so far as storage and marketing are concerned. However, conditions respecting a certain group in the producing area in the United States with which they are competing in our market reach the point quite frequently where sales are made at prices which give no return whatsoever to the producer. That is the situation that the government aims to do something towards remedying by the introduction of the particular clause in this bill that deals with fruit. While I recognize that one section of this bill particularly is the government's response to the representations of fruit and vegetable growers, I am sure the majority of them after their experience since the days of the first world war—and I have attended a good many meetings—recognize the fact that it can only be a temporary and a partial remedy to their basic problems and does not provide a comprehensive and long time solution to their marketing problems.

Mr. Speaker, I speak as a free trader in principle. I was brought up in a free trade family. As a matter of fact, my father was a Liberal free trader, my mother was a Conservative free trader and I am a C.C.F. free trader. You can therefore well understand that free trade policies flow through my system. However, regardless of what can be done under this bill, I think if we examine it thoroughly in the light of present world and national conditions, we must recognize that

the principle of this bill, first of all goes in a direction contrary to the spirit of the times with respect to international markets and the spirit that is being expressed by progressive people in the world who realize that world prosperity depends on an increased flow of goods across international boundaries and so on.

Second, as the previous speaker mentioned, in our opinion, regardless of the best intentions of the government and of the minister, it violates the spirit and the objectives of GATT.

Third, it places potential restrictions on trade with the United Kingdom and other commonwealth countries. I am sure that an examination of the effect of this bill will indicate that.

Fourth, over a period of time this policy, if carried to its logical conclusion, can invite economic retaliation from the countries directly affected.

Therefore, Mr. Speaker, regardless of what the government is trying to do at the present time, I hope that this measure is considered by the government only as a temporary stopgap that will provide time and opportunity for the government to develop a policy in step with the urge and the demand for the extension of international trade as the basis of prosperity for all producers in Canada and all producers in other countries.

As I have said before, this problem of which I am speaking particularly now has been with us since 1922 and in our opinion it will not be solved by the section in this bill that is intended to relieve the situation at this time.

Having expressed our criticism of the bill and our sympathy for the fruit growers and without questioning in the slightest the motives of the minister, I think we are now called upon to present an alternative policy. If you criticize you must also be prepared to say what you would do if you were in office. I suggest a program along the lines mentioned this morning by the leader of this group, and which I now want to repeat and to mention one or two other aspects relating to the situation which I understand from experience.

We say that we are going to have to tackle the basic problems of these fruit and vegetable growers and I am particularly dealing with that group. It is a funny thing, but I have always noticed at the many conventions I have had the pleasure of attending, both of the fruit growers and of the livestock breeders, that it is very easy to find evidence of the difficulties faced by these people. One can find such an illustration by looking at the physiques of the men attending the conventions. When you attend a livestock convention they are all well padded and of good weight, whereas those attending the fruit growers' conventions mostly look like me.

We suggest the full use of the agricultural prices stabilization legislation for the establishment of minimum prices. I may say that the stone tree fruit growers or the soft tree fruit growers of British Columbia were very disappointed indeed that the government had failed to recognize in any way their present need by failure to grant any deficiency payments for the 1957 crop. That sort of stabilization is very necessary and I particularly emphasize that this does not apply to apples only but it is also necessary for the stone tree fruit growers because they have to deal with fluctuations in climate, and in marketing conditions caused by geographical conditions, to a greater extent than any other tree fruit growers or, as a matter of fact, any growers of the fruit marketed from this area.

Secondly, we suggest that positive steps be taken to assure adequate and continuous operation and maintenance of processing facilities. I want to say a few words on that when the Minister of Finance (Mr. Fleming) brings forward his item of $30,000 for the employment of an administrative staff intended to help small business in Canada under present circumstances. We do suggest that both this government and the provincial governments get together with the processors and the canners of this country and get them to recognize their responsibilities to the fruit and vegetable industry across the country and not to allow the continuation of the purchase of the canneries and processing plants in Canada by United States interests and then to have them close them down while the growers in question are in a price squeeze resulting in very little return for their labour.

Thirdly, we believe the federal and provincial agricultural conference which is attended annually by representatives of the federal and provincial governments and which in the past has dealt mainly with production problems should be called and should include representatives of the producer organizations, the marketing and sales agencies and the processors and canners for the purpose of obtaining—

Mr. Speaker: Perhaps the hon. member's remarks would be better directed to the clause when it is in committee. If the principle of this bill is to help the fruit growers then it is to help them by tariff action and not by the countless other ways which the hon. member is attempting to describe. I think he is trespassing on the time of the house by going into these various other remedies.

Mr. Herridge: Mr. Speaker, the principle of my speech is to help the fruit growers, but

I am just concluding. We are sure a very great deal could be done in this respect rather than accepting the principles adopted in this bill as permanent policy.

Look what we have done in defence. When we have to get together on an international basis things are done quickly and definite action is taken. We want the same sort of action for the farmers and the producers of this country, and I think we should also give encouragement to co-operation between Canadian and United States grower organizations to work out together some of these problems. There has been limited success in that respect in the tree fruit industry and there is a great avenue for exploration in that direction.

Some hon. Members: Order.

Mr. Herridge: In conclusion, I say that rather than introducing this legislation the government shoud give a lead to action along the lines I have suggested as best I could while trying to remain in order.

Mr. E. Nasserden (Rosthern): I did not intend to take part in this debate but in view of the challenge voiced by both Liberal and C.C.F. members in respect of their remarks concerning the welfare of the fruit industry of this country and those who are concerned with it, I cannot help but feel compelled to say a few words in regard to the action proposed by this government.

Something was said by one Liberal member in regard to what Louis St. Laurent had accomplished by his trade and export policies during the time he was in power in Canada. If I recall correctly he was named leader of the Liberal party in 1948, and I have a publication which I received the other day from what I believe some members of this house consider a reliable organization. It is *Canadian Labour*, the official journal of the Canadian Labour Congress and I would like to take the time of the house for one moment to read part of an article, which has a bearing on this particular matter, which reads as follows:

> Take rubber footwear, in which labour costs account for more than 50 per cent of total factory costs, as an example. Canadian production declined from more than 24,000,000 pairs in 1947, to about 12,500,000 pairs in 1956, and employment in Canadian rubber footwear factories fell from about 7,000 workers to 5,000 workers, as a direct result of the almost total loss of a large export business, as well as a substantial part of the Canadian market to foreign competitors.

Mr. Speaker: I hope the hon. member will relate what he is reading very directly to the bill because it does not appear to me to have any bearing upon it. He is talking about exports and this Customs Act relates to imports.

Mr. Nasserden: I am getting down to that, Mr. Speaker.

Mr. Speaker: I am expressing the hope that the hon. member will get down to it.

Mr. Nasserden: Thank you very much. It went on to say:

> There appears to be little prospect of a reversal of this sorry trend, and we have to assume that henceforth the fortunes of the Canadian rubber industry will depend almost entirely on development in its home market.
>
> Protection of Industry is Essential
>
> There is every reason to fear that a similar trend is developing in waterproof rubber footwear, and that unless the government takes action to protect the Canadian manufacturers and their remaining 5,000 workers against price competition, based on wages as low as from four cents to 15 cents an hour in Hong Kong, the rubber footwear industry is doomed.

If the kind of thing that the Liberals and the C.C.F. members of this House of Commons do not want to see this government do is protect those who are engaged in labour in this country then I think that is a new page in the history of this country as far as those two parties are concerned. All I want to say is that I think every member of this House of Commons can support this measure. It is a measure designed to give our industry and our labour a fair share of the dollars being made here in Canada. I was certainly surprised to hear some hon. members, particularly in the C.C.F. group, rise on this occasion to take the stand they have taken in view of the stand they took across this country with regard to their desire to work in the interest of labour.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I will speak briefly at this stage because I believe that is the sense of the house, but I must say I regard this measure as perhaps more important than any which has come before us during this session of parliament. I say that because of its implications in relation to the foreign trade of this country on which so much of our prosperity depends. I will try not to repeat anything in the course of my remarks which has been said already in the speeches which have been made so far and to present in the briefest way possible the arguments I wish to make. I must say that I would wish to speak at greater length on this subject because of my feelings with regard to it, but sensing the feeling of the house I will not do that. I am concerned with the principle of this bill, and I must say this measure has been presented in a strange way to the house because the minister took exactly five minutes on the motion for second reading, three minutes in replying to a proposed amendment and less than one minute in speaking to a point of order.

In speaking to that point of order he raised a question as to what was the principle of the bill. I had assumed until that time that this was anti-dumping legislation, legislation aimed at preventing the trade practice commonly known as dumping, a term which is probably ill-defined but which is well understood by everyone concerned with trade. In any event I want to point out that the principle of a bill can only be determined through a study of what is actually included in the bill. In this particular measure there are five clauses. Clause No. 1 repeals sections 35 to 40 of the Customs Act and substitutes new clauses in their place. The new clauses which it is proposed to substitute begin with clause 35 which reads:

(1) The value for duty of goods imported shall be determined in accordance with the provisions of sections 36 to 40B.

And so on. The next new clause to be substituted is clause 36 which begins:

Subject to section 38, the value for duty shall, notwithstanding any invoice or affidavit to the contrary—

And so on.

The next new clause to be substituted is clause 37 and it goes on to say:

Subject to section 38, where like goods were not sold for home consumption, or were not sold for home consumption in the circumstances described in section 36, but similar goods were so sold, the value for duty shall—

And so on. That is the subject matter of that particular clause. The new proposed clause 38 starts off this way:

Where in any case or class of cases...the value for duty cannot be determined . . . the value for duty shall be determined in such manner as the minister prescribes.

I will only read a sentence of clause 39 to illustrate my point. It says:

Where the minister is satisfied that material injury has been or may be caused to any industry in Canada or any portion thereof...the governor in council may order that the value for duty of those goods or that class of goods shall be increased—

And so on.

The proposed new clause 40 reads:

Where sufficient information has not been furnished or is not available to enable the determination of cost of production, gross profit or fair market value under section 36, 37 or 39, the cost of production, gross profit or fair market value, as the case may be, shall be determined in such manner as the minister prescribes.

Then the proposed new clause 40A goes on to set out the whole procedure with regard to valuation and uses the expression, beginning at line 29:

The value for duty shall be the amount for which the goods were sold, less the amount, if any, by which the fair market value of the goods has decreased between the time of purchase and the time of exportation.

[Mr. McIlraith.]

We could go through every subclause and find a similar reference to value for duty. The proposed new clause 40B begins:

If the value for duty as determined under sections 36 to 40A does not include—

And so on. Clause 2 of the bill deals with section 45 of the act. It repeals that section and substitutes a new one. This procedural clause reads as follows:

Any of the parties to an appeal under section 44—

Section 44 is not dealt with in the bill, but it starts off this way:

A person who deems himself aggrieved by a decision of the deputy minister
(a) as to tariff classification or value for duty.

Clause 3 of the bill substitutes a new section 46(1) and this again deals with valuation or tariff classification. Note the term "valuation." And then 46A makes reference specifically to sections 43, 44 and 45 of the act, all of which refer to valuation for duty.

Clause 4 of the bill now before us deals with invoices and the fair market value of goods determined in accordance with sections 36 to 40B, every one of which sections refers to value for duty.

Now we come to clause 5 of the bill. Clause 5 refers to paragraph (b) of subsection (7) of section 40A of the act. It will be found that that also brings in the question of value in paragraph 5 which is concerned with the proclamation of the governor in council.

What I want to point out is that every clause in this bill deals with the matter of value for duty of goods being imported into this country and that every proposed new section of the act deals with that subject. From this we can arrive at only one conclusion: notwithstanding the argument of the Minister of National Revenue (Mr. Nowlan), which he made in the course of a discussion on a point of order, that this does not deal with value for duty, it does, and it deals with nothing else.

That is the whole principle of the bill. I do not think the minister should deal with it other than on that basis.

After recognizing the bill as being an anti-dumping measure, a measure providing means for fixing the value for duty purposes, I wish to place on the record two clauses of the GATT agreement, clause 2 (a) and 2 (b) of article 7, which read as follows:

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions. To the extent to which the price of such

or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

I could go on reading other clauses from the GATT agreement to illustrate my point but perhaps these are sufficient for that purpose to the extent to which they deal with value for duty.

That brings me to this point. As indicated in the remarks of the Leader of the Opposition (Mr. Pearson) in the early stages of the debate on this bill, this measure is one in which the government is asking added powers for the executive to fix value for duty purposes. It is requesting extraordinary additional powers. I will not develop that argument further because an amendment was advanced on that point which has been disposed of by the house. As indicated by the vote the house wants to proceed with the bill notwithstanding the points outlined by my leader. I shall not reopen the argument in that respect.

The minister has made no case for seeking these extraordinary powers. He has not argued nor illustrated the inadequacies of the existing legislation. He made no case on that point whatsoever. The measure before us does not simply deal with changes in the existing legislation but it extends the right of the executive to fix values in the way indicated in the argument presented by my leader this morning. The effect of granting these powers is going to injure our trade. I ask hon. members to bear in mind what I said about the government having put forward no case whatever concerning why the executive should be granted these additional arbitrary powers. My fear is that Canada's trade will suffer. Canadian trade sharply increased since 1946. Perhaps it is unnecessary to place on the record all the figures I have before me relating to this point. I shall put only the total exports on the record. In 1946 Canada's total exports amounted to $2,339 million and in 1957 they amounted to $4,934 million.

That vast trade was built up by this country with a great number of other nations. It was built up at a time when efforts were being made to free and increase trade all over the world. One of those efforts was the general agreement on tariff and trade to which we should adhere. That may come as news to some hon. members of this house but I do not want to argue that point. Nevertheless, that is how the trade was built up. We are now being asked to jeopardize our relations with all the foreign countries with whom we trade. We are now putting them in the position where they could argue that we have violated the agreement to which we are a signatory. Why? No reason has been given to us by the government and we are entitled to have reasons given. If there is a fear of the evil of dumping then the house should be told about it. This is a drastic and serious remedy we are seeking; but a remedy against what? Nothing. There is no evidence of the inadequacy of the existing legislation or, if there is, it has not been put on the record.

I feel that something should be said in reply to the argument advanced by the hon. member for Rosthern (Mr. Nasserden) and I shall reply very briefly. The hon. member tried to indicate that this bill would help labour. This bill is the very antithesis of help to labour. It is the very thing that will increase unemployment in this country and unemployment is a worrisome problem to many Canadians at this time. I want to remind the hon. gentleman that the method of determining value for duty incorporated in part in the bill now before the house is the method that was brought into the house and enacted into legislation by a Conservative government headed by the late Lord Bennett, in the 1930's. If the hon. member will look at Canadian trade statistics he will observe what happened to Canada's trade under that type of legislation. If he studies the problem he will see the severity with which dumping legislation was administered at that time. It undoubtedly contributed to tensions in international trade and to the reduction of trade.

When the hon. member talks about pay for labour let me remind him that coming from Rosthern he knows what the term "Bennett buggy" means. He also knows what hon. members of this house are talking about when they refer to the time when labour in this country got 20 cents a day. He understands those references.

Mr. Benidickson: Trade was cut off.

Mr. McIlraith: Do not let hon. members from the west be mislead about the dangers inherent in this bill. The dangers are that the bill will interfere with and lessen Canada's trade. If the government wants to make changes in the procedures affecting the existing dumping legislation let it bring in amendments. This bill will not accomplish that because it goes much further. In fact, I have often wondered if it does not go much further than the minister wanted or intended it to go, but perhaps that is not properly debatable at this stage.

Mr. Nasserden: That is not what labour thinks.

Mr. McIlraith: For all the reasons I have asserted, Mr. Speaker, and holding the views I do about the inherent damage that will be done to our foreign trade, and particularly because of the incompatibility of this bill with our obligations under GATT, I move, seconded by the hon. member for Levis (Mr. Bourget):

That all the words after "that" be struck out and the following substituted therefor:

This house declines to proceed with a bill the fundamental terms of which are repugnant to the spirit and objectives of the treaty obligations of Canada under GATT.

Mr. Speaker: The point raised by the Minister of National Revenue is the one that bothers me most about this amendment; that is, that this alleged conflict with GATT could be dealt with at the committee stage; but having gone through the bill, I find the only section which does not relate to value for duty is the procedural sections and to some extent these sections are related to the method of appeal from valuations for duty. If the minister or any member wishes to speak they will have to convince me that this is not so.

Mr. Nowlan: I do not think it takes much convincing in the form in which it is put. It is far different from any other amendment. It says, "This house declines to proceed with a bill". Have you ever seen an amendment before which says that the house declines to proceed with a bill? It is a sheer negative to express reasons possibly to show that the house declines to proceed with a bill the fundamental terms of which are repugnant. I suggest in the first place the form of the amendment is completely out of order.

In so far as the bill itself is concerned, Your Honour said you were somewhat troubled by my reference to the division of legislative powers contained within the bill. What the hon. member for Ottawa West said, of course, is perfectly right. Certain subsections here deal with valuing procedures. I point out to Your Honour that this bill contains only three sections.

Mr. McIlraith: Five.

Mr. Nowlan: It is true that one of them is longer than any other two. One section, and only one, deals with valuation for duty.

Mr. McIlraith: No.

Mr. Nowlan: Absolutely, only one section deals with valuation procedure. We turn to section 3. Section 1, of course, is something which provides for repealing sections 35 to 40 of the Customs Act, and we go on to various subsections set forth there. Then, we come to section 3 which gives power to the deputy minister to refer any question to the tariff board. That deals with appeal procedures. That has nothing whatever to do with GATT or anything of the kind. Then, the next section has to do with importation of goods. Any seditious material comes under section 3, and section 4 is also a matter having no reference whatsoever to valuations. Your Honour is in this position. One out of the four sections of this bill deals with valuation procedure. The Leader of the Opposition shakes his head, but that is correct. It is true that section 1 sets forth five old sections or new sections of a bill.

In so far as this bill is concerned, that is the situation. I want to emphasize this, Mr. Speaker. Of those five sections only one is new; only one can be construed as a violation of GATT, section 39, and when we come to 39, either tonight or tomorrow, we will be perfectly prepared to argue with those who wish to argue whether 39 is a violation of GATT or not. All of the other subsections, except subsection 39, are simply administrative practices which have been carried on under government administration and all that they do is to clarify the matter. There is no change in principle whatsoever.

There is no point in extending the argument on this, Mr. Speaker. You can make your ruling and it, of course, will be dealt with and we will deal with the amendment as Your Honour sees fit to rule, but I do say very strenuously that this bill does not in itself constitute a violation of GATT. It has three different parts, but the main part is the longer part, consisting of four or five pages. There is only one subsection in that which could possibly be construed as an amendment of GATT and that can be argued, I submit to Your Honour, when the section is dealt with in the committee and not before. Surely the bill should not be ruled out of order, or the house decline to proceed with it, because one subsection of the many may or may not be a violation of GATT.

Mr. McIlraith: Mr. Speaker, on the point of order briefly and on only one aspect of it, I think there was some misunderstanding about the provision for appeal. It is subject to section 44 of the act which deals with valuation for duty as well as with other things. Therefore, we have the extraordinary situation that value for duty is not only dealt with in every clause of the bill but as well in each of the new sections of the act embodied in these clauses.

Mr. Pickersgill: Mr. Speaker, I do not know whether Your Honour wishes to hear argument on the other point raised by the Minister of National Revenue—

Mr. Speaker: I prefer to hear argument from the other side of the house. If the Minister of Justice has had a chance to look at this—he was concerned with the previous amendement—he might want to direct himself to it.

Mr. Fulton: Mr. Speaker, I have been out looking up some of the previous occasions on which amendments have been ruled out of order on the grounds either that they raised new matter which could only be raised after notice or else that they were irrelevant to the terms of the bill. I have not *Hansard* before me; the volumes are coming in, but on second reading of a bill the principle is established most clearly that any amendment must be strictly relevant to the principle of a bill.

This is a bill to amend the Customs Act. My hon. friends have sought twice now to move an amendment which alleges that the bill is contrary to the spirit and objectives of GATT. That, Mr. Speaker, is a matter of argument that may be in order but as an amendment it is not relevant to the principle of the bill. Your Honour has already ruled out of order the last amendment which read:

> That all the words after "that" be struck out and the following substituted therefor:
> "this house reaffirms the adherence of Canada to the spirit and objectives of GATT, which are clearly violated in provisions of this bill."

As I say, this is a matter of argument which may be in order but as a matter of amendment it is not relevant to the principle of the bill. Now they are trying to do the same thing by alleging that:

> This house declines to proceed with a bill the fundamental terms of which are repugnant to the spirit and objectives of the treaty obligations of Canada under GATT.

There are a number of occasions, and especially in the parliament from 1949 to 1953, where Mr. Speaker Macdonald ruled that on all occasions amendments with respect to the principle of motions or bills must be strictly relevant. He dealt with the argument put forward by my hon. friends opposite that the amendment might advance a proposition which, as they say, asserts a principle different from or opposed to the principle of the bill. In every case Mr. Speaker Macdonald ruled that while that is a principle of amendment nevertheless the amendment must be so phrased that it is strictly relevant to the principle of the bill itself.

I have not had much time since returning from the library to find the most apt amendment. I have four occasions here before me and perhaps I might refer Your Honour to them. There is October 17, 1949, pages 856 and 857; April 21, 1952, pages 1438 and 1439.

Mr. Benidickson: Give us the circumstances.

Mr. Fulton: Perhaps this one is more relevant here. On November 15, 1949, there was an attempt made to amend the National Housing Act. The then hon. member for York South moved that the bill be not read a second time but rather that the house should resolve that consideration be given—

Mr. Benidickson: You had better read it first.

Mr. Fulton: I am trying to find it.

Mr. Benidickson: Read it first for the first time, I mean.

Mr. Fulton: I told the hon. gentleman I had been to the library reading these precedents.

Mr. Habel: Dispense.

Mr. Fulton: The amendment was in these words:

> That this bill be not now read a second time but that it be resolved that in the opinion of this house the government should give immediate and prior consideration to rescinding the order announced on November 3 providing for increases in domestic rents.

My hon. friends would certainly attempt to argue that increases in domestic rents were related—

Mr. Pickersgill: To build new houses.

Mr. Fulton: —to the matter of the National Housing Act and to the amendment of the National Housing Act. That is on all fours with the argument they are putting forward tonight that the treaty obligations of Canada under GATT are relevant to the principles of this bill. The one is just as relevant as the other. Mr. Speaker Macdonald dealt at length with that point. He said that it was indeed in accordance with citation 657 of Beauchesne's third edition. He said that it was competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill to move as an amendment to the question a resolution declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction or prosecution or otherwise opposed to its project.

But he went on to say that he would refer hon. members to citation 354 of Beauchesne's third edition which reads as follows:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Accordingly he ruled that the amendment dealt with a matter which was foreign to the proposition dealt with in the motion.

The motion was for amendment of the National Housing Act and yet the Speaker ruled that a matter dealing with the rate of rents—

Mr. Pickersgill: On old houses.

Mr. Fulton: —was so foreign to the proposition involved in the motion before the house that it was out of order and could not be moved notwithstanding citation 657 of Beauchesne's third edition.

There are other occasions both with respect to bills and resolutions. Another occasion I have before me was on November 23, 1949, when there was a motion before the house for the second reading of a bill to amend the Combines Investigation Act. Once again the amendment moved on that occasion by the present Prime Minister, who was then the member for Lake Centre, set forth a different proposition, suggested that the bill should not now be read a second time but that certain different courses should be followed. In this case the amendment was as follows:

> That all the words after "that" to the end of the question be deleted and the following be substituted therefor:
>
> "While this house is at all times anxious to assist in remedying any defects in the law with respect to combinations in restraint of trade that operate against the public interest, it regrets that His Majesty's ministers have failed to comply with the mandatory requirement of publication of reports under the Combines Investigation Act and that before inviting parliament to enact the said bill have failed to give any assurance that there will be no similar breach of the constitution in respect of this or any other act passed by the parliament of Canada."

Here, Mr. Speaker, was an amendment which dealt with the conduct of the government with respect to the requirements of the Combines Investigation Act which was then being amended by the bill before the house. Mr. Speaker Macdonald ruled that the amendment raised a matter which was different from the principle advanced in the motion before the house, that it was not relevant and was therefore not in order. I submit that what the opposition is trying to do here is exactly on all fours with that occasion. They are in effect condemning the government for introducing a bill, as they allege, which is repugnant to the spirit and objectives of GATT. In other words, they are expressing an opinion on this bill in relation to GATT in exactly the same way as the hon. member for Lake Centre, as he then was, introduced an amendment expressing an opinion with regard to the government's actions under the Combines Investigation Act but with relation to a different subject. Yet on that occasion the Speaker ruled that the amendment was not relevant and could not be introduced notwithstanding the provisions of citation 657 of Beauchesne's third edition.

I am satisfied, Mr. Speaker, that if Your Honour will look at the whole trend of decisions, particularly during the parliament from 1949 to 1953 and also in the parliament from 1953 to 1957 and earlier parliaments, Your Honour will find that the trend of the rulings has been that amendments introduced may not raise a matter which should really only be raised after notice because otherwise the house would be taken by surprise, and the rule that requires that all matters of debate must have proper notice would be set at naught.

My hon. friends are introducing an amendment here which seeks not to debate the merits of the principle of the bill before the house but to debate the merits of the GATT treaty. I submit to you, sir, on that ground that in general such amendments are out of order. I also submit that it is out of order on the same grounds that you ruled the previous amendment out of order, namely, that these are matters which may be made the subject of amendment in committee; that any specific provision which can be shown in committee to violate any particular of Canada's treaty obligations can be made the subject of an amendment in committee. What my hon. friends are seeking to do here is in particular to anticipate a discussion which should be raised in committee on the clauses.

Mr. Speaker: If the house is ready for the question I shall attempt to dispose of this matter right away.

Mr. Pearson: I will be very brief on the point of order.

Mr. Speaker: I do not know whether anyone wishes to speak on the amendment. Otherwise I might defer my judgment until tomorrow. If not, I will give my decision now.

Mr. Pickersgill: Let us have it.

Mr. Diefenbaker: In view of the importance of this matter and the apparent desire of the opposition to continue with a series of amendments that require the fullest consideration, I suggest, with the obvious purpose in mind that this matter should be given very full consideration by Your Honour, that the decision might be made whenever we return to a discussion of this matter. It is obvious that we are not going to be able to conclude by 10 o'clock this evening, the automatic closing hour. I would not want to do anything to prevent the opposition from advancing those things that are regular. But in view of their general attitude today, I feel that the fullest consideration should be given to this matter.

Mr. Pearson: On the point to which the Prime Minister has spoken, Mr. Speaker, may I say that I do not know what the purpose is in his mind. He has no right to attribute to us any purpose in the production of these amendments. We are trying to produce an amendment which will improve this bill. I do not know why the government is putting up such a long and hard fight to restrict the rights of the opposition to move an amendment.

Mr. Speaker: Order. I agree that the discussion has taken a turn which is not warranted. As I say, if there are any hon. members who wish to speak to this amendment, I will defer my decision and give it in the morning. I will even hear further argument now on the point of order. But if the house is ready for the question, I will give my decision now.

Some hon. Members: Question.

Mr. Speaker: If no other hon. members wish to speak, I will give my decision. This is the third time I have had to deal with this matter today. I will not repeat what was said previously. The first question which must be considered is relevancy. I think the Minister of Justice (Mr. Fulton), in acknowledging that it would be relevant to debate whether the sections of this bill are in conflict with our obligations under GATT, thereby acknowledges that an amendment directed to that same purpose is relevant, because if it is relevant to debate it,—if the amendment is otherwise good—it is relevant to move an amendment declaratory of a principle to the same effect.

I am troubled by the minister's statement that this is an argument. It is an argument; any assertion of principle would be an argument. Hence I do not think the issue should be determined on that ground at all.

Then the Minister of National Revenue (Mr. Nowlan) rather underplays the importance of the value for duty part of this bill. In what he said I think he in effect acknowledged that it is the one substantial change in the bill.

Mr. Nowlan: Not at all.

Mr. Speaker: Many changes are made but they are more or less procedural changes. They are not important changes until you come to section 39 which is new and which is an important change. The other items are procedural. It therefore seems to me that the value for duty strikes at the basic principle of the bill. On that ground I do not think that the principle of the amendment should be deferred for consideration in committee.

It remains then to consider whether this amendment is different from the one that I ruled out earlier. The earlier amendment called on the house to adhere to its GATT obligations, and opened the door to a very extended debate which might have nothing at all to do with this bill. This amendment calls on the house to refuse to read this bill the second time because its terms are repugnant to the spirit and objectives of the treaty obligations of Canada under GATT, thereby declaring a principle which is to my mind relevant and which is adverse to the principle of the bill. The amendment certainly is opposed to the terms of the bill in that it calls on the house to decline to proceed. To my mind it is not a mere direct negative. It meets all these tests. It seems to me that on second reading, where the house has the acknowledged right to debate the principles which are involved in the bill, it is preferable not to be too restrictive in the type of amendment which brings before the house in specific form and emphasizes the principles which are involved, the principle in this case being that the sections of this bill may be adverse to the spirit and objectives of the treaty obligations of Canada under GATT. I therefore rule the amendment to be in order and I shall now put the question.

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

YEAS

Messrs:

Argue	Hardie
Badanai	Howard
Batten	Leduc
Benidickson	Macnaughton
Boulanger	McIlraith
Bourget	McWilliam
Bourque	Martin (Timmins)
Cardin	Mitchell
Caron	Pearson
Carter	Peters
Chevrier	Pickersgill
Crestohl	Racine
Denis	Ratelle
Dumas	Richard (Ottawa East)
Dupuis	Richard (St. Maurice-Lafleche)
Fisher	Roberge
Garland	Rouleau—36.
Gour	
Habel	

NAYS

Messrs:

Aiken	Bourbonnais
Aitken, Miss	Browne (St.John's West)
Allard	Browne (Vancouver-Kingsway)
Allmark	Brunsden
Anderson	Campbell (Lambton-Kent)
Baldwin	Campeau
Barrington	Cardiff
Baskin	Chambers
Beech	Charlton
Bell (Carleton)	Chown
Bell (Saint John-Albert)	Churchill
Bigg	
Bissonnette	

Cooper	Martineau
Courtemanche	Martini
Crouse	Milligan
Danforth	Monteith (Perth)
Deschambault	Monteith (Verdun)
Diefenbaker	Morissette
Dorion	Morris
Doucett	Morton
Drysdale	Muir (Cape Breton North and Victoria)
Dubois	Nasserden
English	Nesbitt
Fairclough, Mrs.	Noble
Fane	Nowlan
Fleming (Okanagan-Revelstoke)	Nugent
Flynn	O'Hurley
Fulton	O'Leary
Grafftey	Pallett
Green	Pascoe
Grenier	Pearkes
Hales	Pigeon
Hamilton (Notre Dame de Grace)	Rapp
Hamilton (Qu'Appelle)	Rea
Hamilton (York West)	Regnier
Hanbidge	Ricard
Harkness	Rogers
Hicks	Rompre
Hodgson	Rowe
Jung	Simpson
Keays	Smith (Lincoln)
Kennedy	Smith (Winnipeg North)
Kindt	Speakman
Lafreniere	Spencer
Lahaye	Stanton
Lambert	Stearns
Latour	Stewart
Lennard	Tasse
Lockyer	Thompson
MacEwan	Thrasher
MacLean (Queens)	Tremblay
Macquarrie	Valade
McCleave	Villeneuve
McGregor	Vivian
McIntosh	Webster
McPhillips	White
Maloney	Winkler
Martel	Woolliams
	Wratten—117.

Mr. Speaker: I declare the amendment lost.

The question is on the main motion. Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Mr. Speaker: On division?

Mr. Pearson: No.

Some hon. Members: Question.

Mr. Nowlan: Before the question is put I have some things I should like to say in reply—

Some hon. Members: Ten o'clock.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Habel: Mr. Speaker, I move the adjournment.

Mr. Speaker: I understood that the hon. minister rose to speak without objection.

Mr. Habel: No. I move to adjourn the debate. It is ten o'clock.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow?

Mr. Green: Tomorrow we will take, first, the estimates of the Department of Trade and Commerce, then the estimates of the Department of Public Works, the Post Office Department and the Department of Finance. Hon. members should be prepared to consider also any of the items in the further supplementary estimates.

Mr. Chevrier: May I inquire what the minister intends that the house should take up on Thursday?

Mr. Green: I am afraid I cannot give the hon. gentleman that information this evening.

At 10.19 p.m. the house adjourned, without question put, pursuant to the order of the house passed on August 4.

HOUSE OF COMMONS

Wednesday, September 3, 1958

The house met at eleven o'clock.

PRIVILEGE

MR. CHURCHILL—REPLY TO STATEMENT BY HON. MEMBER FOR ASSINIBOIA

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, on Monday last the hon. member for Assiniboia (Mr. Argue) alleged on a question of privilege that I had misled the house. I now rise on a question of privilege to correct him. The hon. member was dealing with the question of the buying prices established for grain in western Canada, and I quote his words from page 4397 of *Hansard*, as follows:

> The second question had to do with the exact buying prices, to which the minister replied that he did not have the figures in mind at that time. I had asked whether the figures were the same as the previous year. There are a great many grades and if there had been changes I would not and did not expect the minister to know, but on checking the figures set forth in the order in council and the prices for the grades in the previous year I can find no change in the grades set forth. I find that they are exactly the same.
>
> I feel that the answer was misleading, though I do not suggest deliberately so.

I must say that was extremely charitable of the hon. member, but the facts are otherwise. He was referring to the *Canada Gazette* of August 27, 1958 and I presume compared the figures in that publication with the figures in the *Canada Gazette* of August 27, 1957, the publication for the previous year. I draw the attention of the house to the following facts. No. 1 Canada western amber durum is shown at a price of $1.50 in 1957 and $1.40 for 1958. No. 2 Canada western amber durum was $1.47 for last year and is $1.36 now. The No. 3 grade was $1.40 last year and is $1.30 now. In all, seven grades show substantial changes.

The hon. member for Assiniboia examined the *Gazettes* according to his own admission, yet he informed the house on Monday that there had been no changes. I make no comment as to whether or not the hon. member was deliberately misleading the house.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, if I may reply, also on a question of privilege, I frankly admit that I did not check the amber durum prices. I checked wheat as wheat is commonly known in the trade. Durum wheat is known as amber durum, as the minister has referred to it. Wheat is known as bread wheat. I checked wheat, oats and barley, and there was no change. But the first part of my statement has not been alluded to by the minister, namely that it was his order in council that recommended these prices, and though the question was asked two days later apparently the minister did not know it had taken place.

Mr. Churchill: Mr. Speaker, the hon. member is once again attempting to mislead the house. I answered the first part of his question on Monday. The order in council was passed with regard to these prices. He asked a question about when the prices would be set. I said I had been advised that the wheat board has established buying prices for the various grades of wheat, which was quite true. I also said, "An announcement to that effect will be made very shortly," which was quite true. The announcement was made and published in the *Canada Gazette*.

Mr. Argue: You didn't know you had an order in council.

ROYAL VISIT

ANNOUNCEMENT RESPECTING VISIT OF HER MAJESTY THE QUEEN AND PRINCE PHILIP

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the house will be pleased to know that Her Majesty the Queen has now graciously agreed that her visit to Canada next year with Prince Philip will take place approximately from the middle of June to the end of July, and that the tour will extend to all parts of our country.

While announcing the timing and the general duration of Her Majesty's tour, it is not possible as yet, of course, to be more specific as to the dates or as to the special items and cities and towns to be included in the program. A number of suggestions have been received which will be considered by a special committee appointed for this purpose, and further announcements will be made later when Her Majesty has considered the recommendations of that committee for the general program of her tour.

Canadians in all parts of Canada I am sure will welcome Her Majesty's decision to spend some weeks with us and to travel extensively across the country. When she inaugurates

the St. Lawrence seaway Her Majesty will associate herself with the completion of a project which is bound to have profound significance in our national development. It will be a source of satisfaction to all Canadians that Her Majesty, in opening a new chapter in our history, will thus exemplify in vivid fashion a characteristic of our constitution involving the close relationship between the Queen and her people of Canada.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we on this side will share in the pleasure of all Canadians in the announcement the Prime Minister has just made that next summer the Queen is to visit her realm of Canada. That pleasure will be increased by the knowledge that she is to be accompanied by her husband, Prince Philip. It is also increased by the Prime Minister's announcement that she will be here not merely to open this great national and international undertaking, the St. Lawrence seaway, but that she will also have a chance to visit all parts of our country. She will, I know, receive the warm and enthusiastic welcome that she and her husband have received on previous visits to this country. Her visit will give us an additional opportunity to show our loyalty to the crown as a cornerstone of our democratic institutions.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. welcome the announcement made by the Prime Minister that Her Majesty, with Prince Philip, will visit our country in July of next year for the purpose of opening the St. Lawrence seaway. We welcome Her Majesty not only as Queen but we welcome her because we are part of the commonwealth and she symbolizes the commonwealth itself in many respects. We hope the tour that is planned for the Queen will not be a killing one; we hope that time may be provided for relaxation; we hope that in making those plans every opportunity will be given the ordinary citizen to see the Queen. We in the C.C.F. are most anxious that this visit be made, and we welcome the statement by the Prime Minister.

STARRED QUESTIONS

GEORGE P. LEBLANC—ALEX P. BOUDREAU

Question No. 33—**Mr. Pickersgill:**

1. Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton Highlands national park effective June 10, 1958?
2. How long had each of these employees been employed by the national park?
3. What was the reason for dismissal in each case?

[Mr. Diefenbaker.]

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first question is yes. The answer to the second question is as follows. George P. LeBlanc was continuously employed from April, 1951, to the date of his dismissal. Alex P. Boudreau was originally taken on strength on October 6, 1954. Mr. Boudreau was struck off strength on February 14, 1955 and was again taken on strength on May 11, 1955. He was continuously employed from that date to the date of his dismissal.

The answer to question No. 3 is that the dismissal in each case was made on the basis of a declaration by an hon. member that the employee had taken an active part in politics.

VISITS TO NORTHERN DEFENCE INSTALLATIONS

Question No. 39—**Mr. Argue:**

1. Have any Canadian departmental officials been unable to make visits in the Canadian north because of delay in granting permission by American authorities?
2. If so, what were the names of such officials?
3. What were the purposes of the visits?
4. When was permission requested of United States authorities?
5. By whom were the requests made and to whom?
6. Were there replies from the United States authorities to these requests? If so, what was the nature of the reply in each case?
7. Did any Canadian departmental official for whom these requests had been made leave the employ of his department?
8. If so, what was the date of such departure?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this question involves several departments, and I ask that it be made an order for return.

Mr. Argue: I wonder whether it might be tabled during this session. I hope so.

Mr. Speaker: Order for return.

ANSELM BOUDREAU

Question No. 40—**Mr. Pickersgill:**

1. Has Anselm Boudreau of Cheticamp, Nova Scotia, been dismissed from the position as clerk in the public works engineers office in the Cape Breton national park?
2. If so, what is the reason for the dismissal?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the answer to the first part of the question is that Mr. Anselm Boudreau was employed on a casual prevailing rate basis at $1.20 per hour by the highways division in Cheticamp, Nova Scotia. He was appointed on June 11, 1958, and was released on or about August 8 after two weeks' notice. The answer to the second part of the question is that the clerical work at Cheticamp is to be carried out by the department's regular staff.

QUESTIONS PASSED AS ORDERS FOR RETURNS

VISITS TO NORTHERN DEFENCE INSTALLATIONS

Question No. 39—**Mr. Argue:**

1. Have any Canadian departmental officials been unable to make visits in the Canadian north because of delay in granting permission by American authorities?
2. If so, what were the names of such officials?
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6. Were there replies from the United States authorities to these requests? If so, what was the nature of the reply in each case?
7. Did any Canadian departmental official for whom these requests had been made leave the employ of his department?
8. If so, what was the date of such departure?

FEDERAL LIQUOR EXPENDITURES

Question No. 43—**Mr. Howard:**

1. Has the government spent any money for spirituous liquor during 1956 and 1957?
2. If so, how much was spent by or on behalf of each department for: (a) each month in the said years; (b) within Canada; (c) in countries other than Canada?
3. Of the amount spent in Canada, how much was spent for (a) domestic spirituous liquors; (b) imported spirituous liquors?

PUBLIC WORKS EXPENDITURES, SHELBURNE-YARMOUTH-CLARE

Question No. 192—**Mr. McWilliam:**

1. What is the total amount of moneys expended by the Department of Public Works in the constituency of Shelburne-Yarmouth-Clare in the years 1949 to 1957 inclusive?
2. What are the annual amounts spent for the years 1949 to 1957 inclusive, under the following: (a) acquisition, construction and improvements for public buildings; (b) acquisition, construction, improvements and dredging for harbour and rivers?

MOTION FOR PAPERS

RESOURCE ROADS PROGRAM, ONTARIO

Motion No. 15—**Mr. Benidickson:**

For a copy of all correspondence since September 1, 1957, between the federal government and the province of Ontario respecting cost sharing of a roads to resources program.

Mr. Hamilton (Qu'Appelle): Stand.

Mr. Benidickson: Mr. Speaker, we are coming to the end of the session and this motion has been on the order paper a long time. I think hon. members will recognize that in principle it is no different from returns that have been made under this heading many times this session even though continued negotiations may be proceeding with the provinces and are not concluded.

Mr. Speaker: Is the hon. member agreeable that this should stand?

Mr. Benidickson: Has the minister any explanation why he cannot comply with the motion?

Mr. Hamilton (Qu'Appelle): The same explanation I made earlier in the session. Both No. 15 and No. 39 are in the same category. It is impossible to table this correspondence while negotiations are going on because it would embarrass the governments concerned.

Mr. Benidickson: His friends in Toronto.

Mr. Hamilton (Qu'Appelle): When we are negotiating with nine provinces, as we are now, I think it only proper that the correspondence remain privileged until the negotiations are completed.

Mr. Benidickson: Stand.

Motion stands.

NATIONAL DEFENCE

REPORTED STATEMENT BY MINISTER OF DEFENCE PRODUCTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he has any comment to make on a prediction reported to have been made by the Minister of Defence Production in Sherbrooke, to the effect that Canada has decided to change her defence system.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am wondering whether or not the Leader of the Opposition has correctly read the press report. I did not read it in the definitive terms he has just used. In any event, until I have an opportunity to hear from the minister as to what was said I have no comment to make.

Mr. Pearson: Perhaps I should read it so there will be no misunderstanding. Possibly I put it in my own words in a way which is not exactly as reported in the Canadian Press dispatch. The article reads as follows:

Defence production minister O'Hurley says no one should be surprised if they hear soon that Canada has decided to change her defence system.

Mr. Hazen Argue (Assiniboia): I wonder whether I might ask a supplementary question. Can the Prime Minister say whether such an announcement will be made soon? I am not asking for the announcement, but will an announcement on this matter be made soon?

Mr. Diefenbaker: I have nothing to say as to that at this moment.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. In view of the fact that wood scalers are primarily interested in quantities and amounts,

is there any special significance to this announcement being made to the Quebec wood scalers association? Is the policy going to be that the estimates are going to be scaled either up or down?

Some hon. Members: Oh, oh.

UNEMPLOYMENT ASSISTANCE

QUEBEC—STATEMENT AS TO FEDERAL PAYMENTS LAST YEAR

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Yesterday, Mr. Speaker, the hon. member for Maisonneuve-Rosemont asked my colleague the Minister of Labour if during the course of last year unemployment assistance in federal funds had been paid to the province of Quebec in respect of unemployable persons not qualifying for unemployment insurance. Since this matter comes within the responsibility of my department, I might furnish the hon. member with the following answer.

No federal funds were paid to the province of Quebec on behalf of unemployable persons last year, since this province has not yet signed an agreement with the federal government under the Unemployment Assistance Act.

Mr. Pickersgill: As a supplementary question, may I ask the minister if there are agreements with all the other provinces?

Mr. Monteith (Perth): Yes, Mr. Speaker.

COMBINES INVESTIGATION ACT

PULPWOOD—INQUIRY AS TO PROSECUTIONS

On the orders of the day:

Mr. J. J. Martel (Chapleau): Can the Minister of Justice inform the house if there have been any new developments with regard to the prosecutions in connection with the pulpwood price fixing practices of certain pulp and paper companies, as outlined in a report dated March 31, 1958 which was filed in this house on May 14 last?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. member for giving me notice of this question. I can advise him that the pulpwood case, as has been previously stated, has been referred to counsel in the province of Quebec for prosecution. I am advised that preparation is proceeding without delay. The combines branch has been given to understand also that the practices described in the report of the restrictive trade practices commission have been discontinued.

Mr. Pickersgill: Can the minister say whether counsel retained have had any previous experience in such prosecutions?

[Mr. Herridge.]

Mr. Fulton: I could not tell the hon. member whether or not they have had previous experience in this particular type of prosecution. They are experienced prosecution counsel, but I would have to find out whether or not they have ever been engaged in a combines case before this date.

HIGHWAYS

URANIUM CITY, SASK.—CONSTRUCTION AND ROUTE OF ACCESS ROAD

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Can the Minister of Northern Affairs and National Resources say whether or not the projected road to Uranium City has been decided upon, what is the route of the road, and when construction will start? There seem to be conflicting reports.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The route of the road has been decided upon, Mr. Speaker, but the actual start on construction has not been made and I cannot inform the hon. member as to that. The agreement with the province of Saskatchewan is still not complete. There are some difficulties about the question of the financial formula.

Mr. Argue: In view of the great interest in this road, is the minister able to say now what route has been agreed upon?

Mr. Hamilton (Qu'Appelle): The understanding I have with the minister of resources in Saskatchewan is that the announcement will be made simultaneously by both governments.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

National research council—

257. Salaries and other expenses, $22,660,729.

Mr. McIlraith: The estimates of the national research council have not been before the committee for slightly more than two years. In view of that fact, would the minister care to make a statement particularly advising us of any changes in the work of the research council, or any changes in policy affecting the research council?

Mr. Churchill: I have a short statement to make, Mr. Chairman. It is on its way down from my office. I expect to have it shortly and would ask my hon. friend just to wait for a minute.

Mr. McIlraith: Thank you.

Mr. Churchill: I do not want to delay the committee while waiting for a document, Mr. Chairman. I thought I should like to make a short statement under three headings, namely what the federal government is doing with regard to research; some comments with regard to the laboratories of the national research council; then the problem of university support, concluding with mention of some highlights in the estimates themselves.

The national research council has three essential functions, namely the promotion and co-ordination of scientific research in Canada, the operation of laboratories, and the financial support of university research in science. The research carried on by the agencies of the Canadian government is of high quality, the facilities and conditions of work are good, and funds in considerable quantity are being provided for that purpose. It is estimated that when you consider all the money being expended for the purpose of research under federal government auspices it is approaching $140 million, which is a considerable sum for a country the size of Canada.

Sometimes expenditures of this nature are compared with those of other countries, and we naturally look to the United States to see what that country is doing along that line. The comparisons are of necessity rather rough, since accounting systems and definitions vary; but dealing with the subject of research for civilian purposes, I may say that Canada's showing is very good and shows, on a per capita basis, a figure slightly above that of the United States. But then when you add all the money that is being spent on research, adding military expenditures in the United States along with their civil expenditures for research you find, of course, that they vastly exceed those of Canada. The emphasis that is placed on military research in other countries such as Russia and the United Kingdom indicates also that they have very high expenditures for this purpose. Nevertheless, on the civilian side Canada's position is good, and it is expected that the continuing expansion of technology would require a continued expansion in government civilian research.

On the question of the laboratories, the laboratories of the national research council carry out fundamental and applied research in science and engineering which is of national importance and which is not being done elsewhere. The work is organized in eight scientific divisions in Ottawa and two regional laboratories at Halifax and Saskatoon. The laboratories have undergone a steady growth since 1939, when the staff was only about 300 until today, when in spite of having split off defence research and atomic energy the staff numbers 2353.

During this expansion every effort has been made to maintain a steady and effective expansion of the laboratories as manpower considerations permitted. This steady increase is being continued. On June 30, 1957, the staff numbered 2260, on August 11, 1958 it numbered 2353, and the estimates allow for a further expansion to 2422 by the end of the fiscal year. Further, this year's expansion is being concentrated on scientific staff, who number at present 647 and will be recruited, it is hoped, to 700 by the end of the fiscal year. There is nothing spectacular in the estimates for the laboratories, but they permit a steady and efficient expansion as in the past.

On the subject of university support, which is of general interest, recent events have emphasized the importance of an extended effort among the western countries in basic research in science and medicine. The universities are the major source of such research and are also the sole source of trained personnel for research of all kinds. In Canada the main financial support for university scientific research, as distinct from teaching, has for 40 years been the national research council. Sizeable contributions are made for special purposes by other government agencies, but all of these are considerably smaller than the support from the council itself.

I should not like to give the impression that the national research council is the only one which has done research in Canada, because the pioneering work in research was commenced by agriculture and mining in days gone by. Since that time the national research council and other government agencies have entered the field. While as I have said, sizeable contributions are made for special purposes by other government agencies, all of these are considerably smaller than the support from the council. Support from private agencies is smaller still. In view of the magnitude of the research council support and its 40 years of operation it can be claimed with considerable justification that the present status of Canadian science is largely due to financial support from the national research council.

The expansion of the universities, together with the desirability of scientific expansion in the western world, however, has made the financial problems of university scientific research very difficult. Recognizing this, the government decided to increase national research council support to universities by 70 per cent in the present estimates. This increase of $2½ million is by far the largest increase which has ever been made in the

national research council budget for university support. This is a very substantial contribution and an obvious recognition of the need for the support of research within the universities.

Mr. McIlraith: Would the minister mind repeating that figure?

Mr. Churchill: The figure was $2½ million, representing an increase of 70 per cent. The committee might be interested in the figures for earlier years, which are as follows:

Year	Estimates for support of university research by national research council
1952-53	$1,630,000
1953-54	1,680,000
1954-55	1,910,000
1955-56	2,340,000
1956-57	2,985,000
1957-58	3,495,000
1958-59	5,957,000

There is support from other sources for scientific research in the universities and when one lists, as can be done, the support given through the various other agencies of the government one finds that the total is close to $10 million a year now being given toward research in the universities. Increases will be necessary to maintain a program of this magnitude, and in future years the estimates will likely be enlarged, but we feel that this year's estimates make a major contribution to the development of Canadian university science.

To conclude this brief statement I will just draw attention to certain highlights in the estimates. It will be seen that there is a total increase of $4,858,153. Of this sum approximately $500,000 represents increased capital expenditure. It is expected that more progress will be made this year in completing projects on time. The increase in the operating vote is $4,344,568, and the main items in this increase are as follows: scholarships and grants for university research, $2,461,000—quite close to the $2½ million I mentioned—and salaries, $1,238,107. These two items thus account for $3.7 million out of a total increase of $4.3 million. The remaining $750,000 is made up of a large number of relatively small amounts.

Mr. Chairman, that is just a brief review of the major activities of the national research council, special emphasis being placed on the important part it is playing in supporting research in the universities of Canada.

Mr. McIlraith: Arising out of the last part of the minister's statement with particular reference to the increase of $2½ million to the universities, may I ask if that increase is being granted on the same basis as previous expenditures on that account, or has there been any change in the system?

Mr. Churchill: The same practice is being followed as in the past.

Mr. McIlraith: I take it from the minister's statement—and I hope he will correct me if I am not accurate—that the national research council is continuing the policy of the previous government. I also take it from his remarks that he shares the view concerning the work of the council that was expressed in the committee in 1956 when the estimates were last before it, an occasion when high praise of the council was expressed. He will recall that on that occasion two hon. gentlemen in the then opposition, the present Minister of Public Works and the present Minister of Veterans Affairs, spoke in praise of the work of the research council as it was conducted under the previous government. I take it that he shares that view and that there is no change in policy with respect to the research council.

I had the honour of heading the committees that looked into the work and activities of the research council since the end of the war and also the committees dealing with the operations of the atomic energy control board since that time. I must say I hold the view that the activities conducted by the government through the national research council were such as to commend themselves to hon. members on all sides of the house.

I must frankly admit I have always had a particularly favourable impression of the way they conducted their work in conjunction with the universities. Instead of drawing off manpower from the universities and in that way damaging them, they have sought to aid the work of the universities and have carried out that policy in different ways, through grants in aid of scholarships and fellowships. I believe the outstanding work done in the last number of years in that field has not had sufficient public acknowledgment or sufficient appreciation by hon. members, if I may speak for my colleagues in that respect.

At this stage of the session I do not have any further specific questions to ask about the estimates of the national research council. I merely want to encourage the minister to continue the activity of this body in the way in which it has been conducted in the past, and to seek to support and expand it as the development of the country goes on.

Mr. Churchill: Mr. Chairman, if I may reply immediately to one or two of the points raised by the hon. member for Ottawa West, I would say I am very happy that he

drew attention to the fact that the policy with regard to the national research council is a continuing one as to which there has been no political or party disagreement.

If in 1956 when these estimates were up I had been given an opportunity to speak on the subject I would myself have commended the council at that time and the policy followed by the government of that day. I have always had a very great interest in the matter of research, and in another legislative chamber I spoke at great length on the necessity for it. I welcome the hon. member's words of praise for the national research council. I continue to have, now in my present position, the same respect and admiration for the research council I had in the days when I was in the opposition.

Mr. Pearson: Mr. Chairman, it is not easy to exaggerate the importance of the work of the national research council or the skill and devotion with which it has been conducted. One aspect that was mentioned by the hon. member for Ottawa West which particularly interests me is the relationship of that work to the universities, and I wish to pay tribute to the intelligent way that has been carried out. There has been some uneasiness expressed in the United States over the fact that in some universities so much of the research work is now being conducted under government supervision or through government assistance that this may in the long run prejudice the independence of the universities. I am quite sure that this danger does not exist in this country.

I should like to ask the minister merely one question. I believe he mentioned $10 million as having been made available to the universities for research through the national research council. Could he inform the committee what proportion of the funds devoted to scientific research at the universities is now represented by government contributions of this kind?

Mr. Churchill: Mr. Chairman, the $10 million figure I mentioned included the contributions of all government departments, because the Department of Defence Production, the Department of Agriculture and the Department of National Health and Welfare contribute along with contributions from the atomic energy source, and other moneys are made available for research purposes in the universities. That is what raised the total to an approximate figure of $10 million. It is rather difficult to estimate. We do not have an accurate summation of the amount of money devoted by the universities themselves to this particular field.

Item agreed to.

Atomic energy control board—

48. Administration expenses of the atomic energy control board, $62,818.

Mr. Pearson: Mr. Chairman, I do not know whether the minister is going to make a statement on this important matter. If he is I will wait until he is finished before I say what I want to say.

Mr. Churchill: Thank you very much. I have a rather comprehensive statement to make on this topic, which is of major importance nowadays. I hope hon. members of the committee will bear with me for the next 15 minutes as I review the activities of Atomic Energy of Canada Limited and indicate the objectives of that organization. The activities of that body may be considered in four general categories: (a) fundamental research (b) applied research (c) production and marketing of radioactive isotopes and (d) power reactor projects. I discussed the nature and objectives of these categories in my statement to parliament on February 1 last, and I would now like to bring that statement up to date and give a broad summary of each of these four categories of activities, dealing first with fundamental research.

The great developments in atomic energy during and since the war were based on a working capital of fundamental scientific knowledge built up earlier and especially during the 1930's. Our debt to Ernest Rutherford and to the scientists of several nations who followed him in exploring the physics of the atomic nucleus is one which can never be overemphasized. The present worldwide development of atomic energy is still drawing on that original capital of fundamental knowledge, and it is incumbent upon us to try to add to it to the extent that our resources permit.

Chalk River has lived up to its obligations in this regard. From the early days Canadian fundamental research has been held in high international esteem. At present Chalk River is pioneering in a number of new fields, and as an example I would mention the theoretical studies by one of the Chalk River physicists on the thermonuclear reactions that occur in stars. This work, which has attracted considerable attention, is leading to a better understanding of nuclear processes and has been made possible through the use of the electronic computer installed at Chalk River in 1956.

In the early days it was often possible to carry out fundamental nuclear research with very simple equipment. However, as the science has steadily become more complex it has been necessary to turn to increasingly powerful tools. The NRX reactor and a Van de Graaf machine have been the main tools

of fundamental research at Chalk River over the past decade. To ensure continued progress it has been necessary to add new equipment. A very precise beta-ray spectrometer has recently been brought into operation; a new high energy Van de Graaf is under construction, as well as special facilities for the study of the changes occurring in metals during irradiation.

But the most important of the new tools is the NRU reactor, which makes possible many experiments which hitherto could not be performed. In many of its facilities NRU is unequalled by any other reactor in the world and provides unique opportunities to Canadian fundamental research.

Fundamental research also has other uses. It is an extremely effective training ground for young men who in later years will turn to applied research and the exploitation of scientific knowledge. The applied research program at Chalk River has to a large extent depended on the contributions of men who began their careers in fundamental research. Another bypath of a healthy fundamental research program is that it tends to leaven the whole of the activities of an establishment like that at Chalk River. Daily contact with colleagues engaged in truly creative work acts as a stimulant to those involved in the applied research and development programs and contributes markedly to the rate of progress achieved. Canada's position as one of the leading atomic powers will be maintained only so long as we are prepared to devote some of our resources to the kind of research that lays the foundations on which all practical developments are based.

Applied research at Chalk River is mainly concerned with the translation of fundamental knowledge into sound reactor technology. Nuclear engineering brings together a wide variety of different disciplines. Complex electronic instruments are needed; the chemical and corrosive properties of the various liquids in a reactor system must be carefully controlled; radiation hazards must be thoroughly understood and the engineering design adjusted to minimize them; new fields in structural and mechanical engineering are opened up by the employment of novel materials; for example the metal zirconium, about which very little was known 10 years ago.

While all these problems are receiving attention in the applied research program at Chalk River, the largest effort is devoted to two problems that will have a decisive effect on our efforts to achieve economic nuclear power. The first of these is the improvement of uranium fuel elements, the second is the design of more efficient arrangements for the reactor core.

The heat contained in a ton of natural uranium is equivalent to the heat contained in 2,700,000 tons of coal. It is this basic fact which has given to atomic energy its great significance as a new source of fuel for power plants. But how much of the heat contained in a ton of uranium fuel can one release and use? Obviously the more use one can obtain the more efficient the reactor will be and the more likely it is that the electricity produced will be economic. Therefore the design, fabrication and testing of uranium fuel systems is an essential part of the applied research program.

The testing of such systems is carried out in the NRX and NRU reactors, where it is possible to simulate the conditions that will prevail in a nuclear power station. The testing is done in equipment known as "loops" which pass through the heart of the reactor. There are six such loops working continuously in NRX, which in effect are six separate reactors using different materials of construction, different coolants and different fuels operating under a variety of conditions. New loops in NRU will permit further engineering studies of various power reactor systems, including those cooled by gas as well as those cooled by liquids. New metallurgical laboratories under construction will be important for the examination of experimental fuel elements after removal from the loops as well as for fundamental research. Many of the studies in loops are carried out in co-operation with the United States atomic energy commission and the United Kingdom atomic energy authority.

The efficiency of a reactor depends to a large degree on the design of its core. The design of a reactor core requires careful calculation and experiment, since its behaviour depends critically on the size, shape and arrangement of the fuel and other components that are contained in it. Reactor cores are studied in the ZEEP reactor. The letters stand for zero energy experimental pile, which first came into operation in 1945, when it was one of the first reactors in the world. ZEEP was used to work out the best arrangement for the core of NRX, and when NRU was designed ZEEP was used to find the best arrangement for that reactor, too. It has recently been remodelled and is now being used to work out arrangements for our proposed power reactors.

However, as these reactors will be considerably larger than ZEEP itself, only part of a core can be studied at one time. It is therefore proposed to build a new, large

ZEEP so the complete core of a power reactor can be specified precisely and costly margins need not be left to cover unknown factors.

Another new reactor, the PTR, the pool test reactor, is in use for related experiments. In these one determines just how much a piece of fuel will contribute to the reaction. This reactor is unique in that it was designed especially for the purpose and can measure pieces of fuel at intervals during their service in other reactors. With ZEEP, the new large ZEEP and PTR, Chalk River will be well equipped to obtain the precise information required to design cores for future economic power reactors.

Applied search in the use of plutonium as a reactor fuel has been pursued to the point where Canada has a leading position in this field. In addition, applied research at Chalk River indicates what appear to be economic methods of disposing of radioactive wastes.

For many years considerations of security kept secret much of the fundamental and virtually all of the applied research at Chalk River. Fortunately in recent years it has become possible to remove these restrictions, and the work of the research scientists is now freely published and discussed. Much of it has recently been reviewed and has been recorded for presentation at the second conference on the peaceful uses of atomic energy organized under the United Nations at Geneva, which I believe is now in progress.

On the subject of production and marketing of radioactive isotopes, the commercial products division of AECL was established to develop markets for radioisotopes produced in the Chalk River reactors. This work involves processing and selling, but in addition a considerable amount of applied development and design of accessory equipment must be done in order to develop uses and maintain markets. The already wide application of isotopes in many branches of industry, agriculture, research and medicine is expanding and will no doubt continue to expand. The volume of business of this division has steadily increased to where it is now levelling out at about $2,500,000 per year. There has been a very marked increase in the curie quantities of radioactive material produced; for example, 94,000 curies were shipped in 1956 and 196,000 curies in 1957.

The principal source of revenue continues to be cobalt 60 and cobalt 60 beam therapy machines. Four models of these machines are available on a production basis, and one other is ready for production. About 115 machines have been installed in 20 countries. Since about 85 per cent of the business is export, and in a highly competitive market, world trade conditions and the premium value of the Canadian dollar are having their effect in limiting the volume of sales.

This division operates as a separate accounting unit and tries to break even on its operations. It continues to have a relatively large program of development, with special emphasis on the use of radioisotopes. From 15 to 20 per cent of total revenues are invested in development work, which is considerably more than is normal in a purely commercial operation. In spite of this the cumulative loss of the division since 1952 has been held to $54,000.

I now deal with power reactor projects. This is a field in which the experience with atomic energy leads to its practical application in the development of power. It has been established for many years that electric power can be produced from a nuclear plant, but it is also recognized in all nuclear power programs that the economics of nuclear power can only be demonstrated by designing, engineering, constructing and operating nuclear power stations. It is because of this fact that it has become the practice to refer to the first round of power reactors now in operation or under construction as demonstration power reactors. Examples are the Calder Hall station in the United Kingdom, the PWR station in the United States, the G-2 and G-3 stations in France and our own NPD reactor in Canada.

While the fuel costs in a nuclear power station will be lower than the fuel costs in conventional thermal stations, the capital cost of nuclear power stations will be higher. The capital cost of the first round of demonstration power reactors will range fom $600 per kilowatt to $1,000 per kilowatt. This cost must be reduced very greatly—an acceptable target would be a cost between $250 and $300 per kilowatt—if the benefits of lower fuel costs are not to be offset by excessive capital charges. The reduction of capital costs is primarily a task for the engineer and the manufacturer. Major engineering development work will be required before acceptable designs and manufacturing specifications can be produced.

Canada has two power reactor projects under way, the design and construction of a demonstration power reactor, the NPD, which will have an output of 20,000 kilowatts electric, and a design study for a power reactor with an output of 200,000 kilowatts electric. Both these projects are directed toward the development of a power reactor technology based on the use of natural uranium as fuel and heavy water as moderator, the technology which Canada pioneered with the NRX reactor.

NPD, the small reactor now under construction, is a co-operative effort of Atomic Energy of Canada Limited, the Canadian General Electric Company and the Hydro Electric Power Commission of Ontario. The design studies for a larger power reactor started with the work of a small group of engineers drawn from various Canadian utilities and other companies working in collaboration with A.E.C.L. staff at Chalk River.

The first report on the large reactor design study became available early in 1957. This report introduced for the first time a highly attractive design that, with development, offered excellent promise of producing power in a public utility at a cost of not more than 6 mills per kilowatt hour. In certain important respects this design was unlike that of the NPD reactor. It called for the use of horizontal pressure tubes for the containment of the pressure system including the fuel elements, in place of the single pressure vessel specified for the NPD reactor. This substitution of pressure tubes for a pressure vessel would remove one of the major problems incidental to the design and manufacture of a large nuclear power station using natural uranium as a fuel. An ingenious and very simple method of fuel loading and unloading was also proposed that almost doubles the yield of energy and therefore avoids the need of chemically processing the highly radioactive spent fuel. This was a decided improvement on the method to be used in the NPD reactor.

It was therefore decided that the work on the earlier design and on the construction of the NPD reactor should be suspended, and that a redesign should be prepared which would incorporate these new features. This redesign has been carried out by the Canadian General Electric Company in co-operation with Chalk River and the Hydro Electric Power Commission of Ontario. While the redesign has delayed the completion of this demonstration unit, now known as NPD2, it is considered that such a delay is well warranted, as it may now be considered as a prototype of a large reactor. The present design has been thoroughly evaluated, and the Chalk River staff are particularly pleased with the results and are confident that the basic design will stand comparison with any other in the world. Work has recommenced at the site near the Des Joachims power station, and the scheduled completion date of mid-1961 seems very realistic.

As I mentioned in my statement on February 1, the report of the preliminary design study for the large reactor recommended a broad program of engineering development, since such a program is essential to the proving of the engineering feasibility of the conceptual design and the establishment of a reliable estimate of costs for a power reactor with an output of 200,000 kilowatts electric. A part of this development program will be undertaken in connection with the NPD2 reactor. However, the remainder of the proposed development work will have to be carried out independently of the NPD2 project.

It was therefore decided to establish a new division of Atomic Energy of Canada Limited in Toronto, to be known as the nuclear power plant division, which has the responsibility of directing the program for the large reactor project and co-ordinating the NPD2 project. Bearing in mind the desirability of carrying on the program in a manner which will provide for the fullest participation of the utilities and the manufacturers, the major portion of the development work will be done by contract, and it is proposed that the staff for the new division be recruited to the fullest extent possible from the utilities and manufacturers. Some manufacturers, consultants and utilities have already assigned staff to the office in Toronto. The Hydro-Electric Power Commission of Ontario is contributing 15 engineers and is making available at no cost to Atomic Energy of Canada Limited office space in Toronto for the new division.

Although the fundamental research, applied research and nuclear power programs of A.E.C.L. have been discussed separately, they may be said to have the following common objectives:

(a) To contribute to the development of economic nuclear power in order that nuclear power may be available for use in Canada and other parts of the world where a new source of energy is required to supplement conventional sources, and to make this contribution in a manner which will provide for the most effective participation of the utilities and the manufacturers.

(b) To expand the civil market, both domestic and foreign, for Canadian uranium.

As I stated on February 1, the net cost of A.E.C.L.'s entire program, including A.E.C.L.'s share of NPD2 and the large power reactor development program, will be $140 million spread over four years. The estimates for this fiscal year total $27.7 million. Approximately $22.7 million is for the Chalk River program, with $5 million assigned to the nuclear power plant division and NPD2.

Mr. Pearson: Mr. Chairman, I am sure the committee will have heard with interest the statement of the minister dealing with this very important matter. Indeed, it is difficult to contemplate any question that could come before parliament which would be more

important than the question of atomic energy, which will have such a far reaching influence on our future and, indeed, may determine whether we have any future at all in this world. It is of some coincidental interest to realize that this subject has been brought up here at the beginning of the second conference at Geneva on the use of atomic energy for peaceful purposes.

Canada, as I think the minister mentioned at the beginning of his statement, has been a pioneer in the development of the use of atomic energy for peaceful purposes along with the United States and the United Kingdom. I think that over the years we have had a fine record of accomplishment in this field due largely, of course, to the skill of the scientists to whom we owe so much in the development of this new form of energy and due also in part, I think, to the backing they have been given by the Canadian government. We also owe a lot, of course, to the co-operation we have had with the countries I have just mentioned. Our record in this field is not merely one of national progress but one of good and fruitful international co-operation.

It is interesting to recall that from the very beginning of the development of atomic energy for peaceful purposes during the war Canada, the United States and the United Kingdom have worked together in the closest kind of three-power co-operation. In those days at the beginning and right up to the time I ceased having anything to do with this matter in an official way the exchange of information was always on a three-power basis. The combined policy committee in Washington which dealt with atomic energy matters was a committee that consisted of representatives of the three countries.

I hope Canada will be able to maintain that position of equality, at least equality in regard to the exchange of information and co-operation in this field with the other two countries.

Now, Mr. Chairman, I am not really qualified in any way, shape or form to go into the scientific aspects of this matter. I confess even that there were some parts of the minister's statement that I was not able to understand as an expert would. But I did realize from his statement that in this country we are continuing to make encouraging progress in this field. I do have, perhaps, a greater understanding of the political, economic and even strategic consequences of the work that is going on. I should like for a moment to say something about the sources of atomic energy which we are fortunate enough to possess in Canada and without which we would not be able to conduct this work. I am referring, of course, to our resources of uranium which are, at the present time at least, the source of the energy in question.

I am informed that at the moment the estimated resources of uranium ore in Canada amount to 334,100,000 tons, which is 100 million tons more than that made in 1956. It is not, of course, all being developed because the uranium mining industry has grown by leaps and bounds, but the development has already begun. Uranium production in Canada in 1957 amounted to $150 million, of which we exported $127 million. In the first six months of 1958 we exported, according to the official figures, $115 million worth of uranium to the United States, which is the market for the great majority of this product, whereas in the first six months of 1957 we exported to that market only $45 million. This shows what has happened to this industry in a very short time. It is now an industry in which more than $400 million is invested in this country, and uranium will very soon be our mineral of greatest export value.

The centre of this development at the present time, the most important area, is the Blind River and Elliot Lake area. It is perhaps, at the moment, the most important uranium producing area in the world. It is a centre where, in the words of the Ottawa *Journal* of a few weeks ago, uranium has built a modern community, as rich and confident as any in North America.

Not long ago this government ended the government monopoly in the buying and selling of uranium, and I think that was a sensible and wise decision to make. It is now possible for uranium to be exported by producers, at least in small quantities up to 2,500 pounds, under the present regulations.

I think that was a good move to make. It is of course, as the minister will agree very necessary to keep the export of this product under control. I think the government is wise in following an arrangement which had been laid down previously, that export could only be to the countries with which we have agreements. But within the boundaries of this control, for obvious reasons which I need not go into, it is of the greatest possible importance for the development of atomic energy in Canada that we seek and find markets for this commodity abroad, and that we should not have to rely any more than is necessary—it is certainly necessary at the present time—on selling to the United States.

I realize that efforts have been made by the government in this direction, and that markets have been found in the United

Kingdom and are being sought in Japan, Switzerland and Germany. It seems to me that a very important market might be developed in Germany. I was a little disappointed to read in the Montreal *Gazette* a Canadian Press story dated September 1 to the effect that West Germany appears to have lost interest, at least for the present, in the purchase of Canadian uranium. The story goes on, and the minister perhaps has seen it:

> Last May 21 Germany signed a contract for the purchase of Canadian uranium, and thus became the first friendly country other than Britain and the United States, to do so.
>
> However, the contract was for the purchase of only about 15 tons of the atomic metal. It was described by government officials as a trial order, expected to be followed by a larger order for 500 tons.
>
> Now, government officials say there have been no active negotiations for a 500-ton contract.

I hope we can press ahead with this German contract, and indeed other contracts, because as I have already said it is extremely important to diversify our market for this product, especially in view of the fact that the present contract which we have with the United States comes to an end in 1962.

There is another difficulty which is looming up in respect to the marketing of this product, which is essential for atomic energy, a difficulty which I know the minister appreciates; that is that there is now going to be increasing competition with the United States in this field. There is not now, if I can believe some of the reports I have read, the same incentive for discovery and development of uranium as there was a year or two ago, because there are indications that at the present time the supply is in excess of the demand. In that connection I was very interested to read what Dr. Lewis, who I take it is heading our delegation to the Geneva conference, had to say as reported in the press on August 31 when he arrived in Geneva. This is a United Press report. It begins:

> A top atomic scientist said today the heyday of the strike it rich uranium prospector was over—at least for 15 or 20 years.
>
> Dr. W. B. Lewis of Canada made the forecast—
>
> He said uranium was available in such surplus that, short of discovering an excessively rich vein of the strategic metal, there were no more fortunes to be made by uranium prospecting—
>
> "For the moment, however, the uranium prospector has had his day," Dr. Lewis added.

I would be glad if the minister could comment on that report, which undoubtedly was received with great interest by the uranium industry of this country. Some credence was given to that view in an article in the New York *Times* some time ago, under the heading "Uranium Plentiful, U.S. Limits Output." An atomic energy commission spokesman said on that date, October 29, 1957, according to this report, that uranium is now so plentiful it no longer is in the interest of the government to expand production of uranium concentrate.

Then this spokesman of the United States government went on to say that continuing major explorations should be conducted. The thing that worries one is that if in fact there is enough uranium for our immediate use and if the United States authorities admit that, but at the same time are encouraging the effort in the United States for further exploration, discovery and production of uranium, this is going to be an overhanging threat to our own industry. It underlines, if it needs underlining, the desirability of the closest kind of Canada-United States co-operation not only in the field of scientific progress such as that which the minister dealt with in his statement but in the field of materials development and materials planning; the kind of planning of raw materials production which we had, in fact, during the war.

It seems to me that such planning could with advantage be applied to the production and development of this new source of energy so we shall not find ourselves in the same position as that in which we have found ourselves in this country on so many occasions in the past in connection with metals and minerals development. When there is a shortage in the United States, as there was of uranium a few years ago, they come to Canada on bended knee and ask us to do everything we can to increase production. Then they find new sources of material or metal or mineral in the United States and we are left, if I may use a colloquialism, holding the bag. I certainly hope that will not happen in the field of uranium production.

The minister referred in his statement to the United Kingdom market; and that market, of course, is of growing importance to us in this field because the United Kingdom has made, I suppose, greater progress in the development of atomic energy for power purposes, than even the United States. Under their plans there will be 12 atomic power plants in operation in the United Kingdom by 1965. That constitutes, of course, an important and growing market for our uranium.

The minister made some interesting references to the progress that has been made at Chalk River in the development of a power reactor, and the progress we have made there in this matter and in power reactor technology generally under the direction of the atomic energy board of Canada. This is an important encouraging development. One

of the encouraging features of it is that it has been a co-operative development within the country among governmental agencies like the provincial hydro commission, and private industry. The minister stated—and I do not think anyone will have any quarrel with this statement—that the government is allocating $140 million, which I think is the figure he used, spread over four years for this work. That may seem to be a large sum of money, but I feel sure that it is not too large in view of the importance of the development itself. Perhaps it does not seem so large when you relate it to the fact that it now costs about $100 million in the United States to build one atomic submarine. Perhaps as a result of this progress before long atomic power in Canada may become competitive with other sources of energy.

The *Northern Miner* in an edition of June 26 of this year had an extremely interesting report on this matter. In this issue of *Northern Miner* a statement was printed by Dr. Lewis, whom I have already quoted this morning. Dr. Lewis stated:

"We feel we have reached an objective of years of research and can now design a nuclear power plant to generate electric power at 6 mills a kilowatt hour."—

I think that was the figure the minister himself mentioned. Dr. Lewis went on to say:

But we are not stopping at just beating coal at $8 a ton—

There are some members of this house who will not get a great deal of satisfaction out of the prospect of beating coal as a source of energy, but this is Dr. Lewis' prediction:

But we are not stopping at just beating coal at $8 a ton . . . We fully expect to go beyond that in power-cost cutting, which would accelerate the building of nuclear power plants not only in Canada, but in the United States and other countries.

We have always appreciated the impact the successful development of nuclear power would have on uranium-rich Canada. It would establish a broad civilian use for uranium and consequently cheap nuclear power has been a foremost objective of research at Chalk River and will likely continue to be for years to come.

The minister this morning gave us some evidence which showed that this objective certainly has not been lost sight of. But while that is a very encouraging report from one of the men in the scientific and development field and probably most concerned with this whole matter, I noticed a month or so ago a Canadian Press dispatch quoting an atomic energy engineer and scientist from an outside country. I refer to Dr. Arms of Great Britain, who said:

—electricity produced by nuclear power plants would cost 55 per cent more for construction in Canada than in Britain.

Then he went on to say this, according to this report:

He could see no reason why operating costs of a nuclear plant should be significantly different from operating costs of a conventional thermal plant in Canada. Fuel costs should not be higher in Canada than in the U.K. except for the relatively small cost of freight and insurance.

But according to his calculation that cost at the present time was a very great deal higher. If we are going to continue to progress, and if we are to realize the objective which Dr. Lewis mentioned in the statement I have read, we shall certainly have to cut down our costs of nuclear reactors.

Then there has been an interesting development in the United States in this field which I do not think the minister mentioned in his statement and which certainly has Canadian implications. That is the development—I think I have already mentioned this in the house—in the United States of what is called the Argonne low power reactor. This is a reactor which promises to be extremely important especially in Arctic territories—the Minister of Northern Affairs and National Resources mentioned this in his statement a few weeks ago—it is a small reactor with great power. Demountable; it weighs only ten tons, I am told. These are considerations which make it suitable as a portable power plant in remote areas. This United States portable atomic plant, according to the report I read from the United States, has been designed for Arctic operations for the reasons I have indicated, and particularly for operation in the D.E.W. line. However, this particular atomic plant is operated not by natural uranium but by enriched uranium which, I take it, in non-scientific terms is a kind of high octane uranium.

If that is the case then that would, under present conditions, give the United States a monopoly of these plants because I believe I am right in saying that we do not ourselves produce enriched uranium. I therefore ask the minister whether we could not in this country—and perhaps this is being considered; perhaps progress has been made in it—design a kind of portable atomic power plant of the type of the Argonne reactor which we could manufacture in this country as it would be designed to be operated by natural fuel. Otherwise we would be dependent on the United States for this kind of thing unless we made our own enriched fuel.

I am wondering whether we should not at this time take up with the United States in a very insistent way the question of D.E.W. line equipment of this kind, and urge that D.E.W. line or Arctic equipment to be used in Canada by the United States should be of a kind which would permit a later take

over and Canadian operation; of a kind which we could ultimately develop and manufacture in our own country. This might be of importance in the Arctic far beyond the D.E.W. line itself.

In this connection the minister of northern affairs said on August 14 in a discussion we had on northern matters, as reported at page 3513 of *Hansard*:

> A package atomic power station developed by Atomic Energy of Canada Limited especially for such northern stations is expected to be built at the site—

He was talking about Frobisher Bay.

> —although it will be coupled with diesel generated power source until day to day operation bugs are ironed out.

And then the minister is reported as having said:

> We have such a station ready now but it is being run by scientists. We want to be sure it can be operated by ordinary technicians—perhaps Eskimos—before we use it as a single power source.

It would be unfortunate, I think, if we developed that single power source for Arctic use of a type suitable for us while the Americans developed the kind of power source to which I have referred for use in the north in stations to be operated by Americans a type which we could not take over and operate ourselves. I ask the minister when he replies to say something about this.

I have detained the committee for quite a considerable time, but I do not think it is necessary to apologize in view of the importance of the subject we are discussing. I shall conclude by saying that we on this side are satisfied with the minister's report, which indicates that we are making steady progress in this important field.

Mr. McIlraith: I hope the minister can reply to the wider issues which were raised by my leader, but in the meantime there are some other questions I should like to ask. The minister did not deal specifically in his remarks with the NRU reactor, and I wonder if he would tell us something about the temporary shut-down of that plant, whether it is to resume operation, and so on.

Next, I wonder if he would advise us of the progress being made in providing a reactor for India, which I understand is to be similar in general type to the NRX reactor. It was to have been made available under the Colombo plan, I believe, by the former government. In any event it is being continued in the program.

I would also ask the minister to tell us if there have been any changes in the personnel of the atomic energy control board as indicated in the annual report of that board for the fiscal year ending March 31, 1958, which was tabled on June 30. The members of the board listed in that annual report were Dr. Mackenzie, president, Mr. Bateman, Mr. Bennett, Mr. Gagnon and Dr. Steacie, members of the board. I wonder, also, whether the minister would indicate any changes in the personnel of Atomic Energy of Canada Limited whose annual report was tabled on July 15 and whose officials, as of March 31, 1958 are named on the front page of that report. Perhaps I can leave my other questions until later, when I have received a reply from the minister.

Mr. Churchill: I am sure hon. members of the committee listened with a great deal of interest to the constructive remarks by the Leader of the Opposition, who has had considerable experience in this field in its application to affairs abroad and the implications of the use of atomic energy internationally.

I am not sure I can answer some of the questions he raised with regard to various matters and statements by various people—for example, the statement that the uranium prospector has had his day. I am not too sure about that, because while very large quantities of uranium have been discovered in various parts of the world, there are nevertheless different grades of uranium, and a prospector still has an opportunity to locate high grade ore which would, of course, be better than ore of a low grade.

I was particularly interested in the hon. gentleman's remarks about the necessity for close co-operation between the United States and Canada with respect to materiel planning. Obviously if either country overemphasizes the production of lower grade material, that would not be conducive to the long range objectives of the development of atomic energy and, moreover, we could get into difficulties with regard to overproduction. The link between Canada and the United States in the whole field of atomic energy has, of course, been quite close from the very beginning, and we keep in contact with our friends down there.

The Leader of the Opposition drew attention to a statement originating in the United Kingdom with regard to the cost of construction of atomic plants in Canada, suggesting it was unusually high compared with the United Kingdom standards. That would require examination, and I do not have the facts in front of me with regard to it at the moment. The objective is, of course, as has been stated, to arrive at lower capital costs so the target figure of 6 cents per kilowatt can be reached.

On the subject of a lower-power reactor, the Argonne, using enriched uranium, the

Leader of the Opposition made some pertinent remarks. We are interested in developing reactors that can be used in isolated areas and in the north country, but we feel that natural uranium might well be used as a fuel. Studies are being considered regarding these reactors of lesser power. The enriched uranium program followed by the United States is of course an extraordinarily expensive program. Though we are now spending millions of dollars on research and development, we cannot perhaps match all the expenditure that can be made by a country as large and as wealthy as the United States.

However, with the exchange of scientific knowledge we benefit from the things they do as they do from the things we accomplish. Whether or not they might have a monopoly with regard to this particular type of atomic plant will have to be determined later on, as experiments continue. It does not necessarily follow that an atomic reactor using enriched uranium will produce lower cost power than one with natural uranium and a heavy water coolant such as is being developed in Canada. Canada has played a prominent part in this scientific investigation.

I would like to examine some of the other matters raised in the speech of the Leader of the Opposition and perhaps convey to him later the information which is not readily at hand with regard to some of these problems as, for example, his interest in the reaction of West Germany toward contracts for uranium from Canada. I would want to examine that question and determine the state of negotiations.

The hon. member for Ottawa West asked about the NRU reactor. This went out of action on May 24 this year. That was caused by failure of one of the fuel elements where the aluminum sheath was not bonded to the uranium. As the damaged fuel element was being removed part of it fell and caught fire on top of the reactor, causing radioactive contamination to a certain extent throughout the building. But the building and equipment have been completely decontaminated, and the personnel at Chalk River with the assistance of personnel from the armed services conducted that work. There are about 160 rods to replace within the reactor and only a few of them can be removed each day, so the reactor will not be operating at its full power of 200,000 kilowatts before early October. That is the situation with regard to the NRU reactor.

The reactor for India which is being built under the Colombo plan is reaching completion and should be ready for operation in 1959. It is coming along very well. Officials of Atomic Energy of Canada Limited have visited the plant from time to time during the last two years and have been keeping a very close eye on the work that is going on there, so perhaps a year from now that atomic plant will be in operation and will make its contribution to research and development there as our own plants are doing here in Canada.

The hon. member mentioned the atomic energy control board and the changes in personnel there. Mr. Bennett and Mr. Bateman resigned from the control board. It now consists of Doctor Mackenzie, Doctor Steacie, Doctor Gagnon, Mr. Gilchrist of Eldorado Mining and Refining Limited, now president of that firm, and Mr. Gray, the president of Atomic Energy. They comprise the board.

With regard to Atomic Energy of Canada Limited, the directors are as follows: Mr. Gray, Mr. Stewart, Mr. Duncan, Mr. Gaherty, Mr. Gordon, Mr. Hearn, Mr. O'Sullivan, Mr. Stephens, and Mr. Wallace. Resignations were received from Mr. Bennett, Mr. Ambridge, Mr. Masseu and Mr. Scully.

Before concluding my remarks on this very important topic I should like to pay my tribute to the members of the atomic energy control board and the personnel of Atomic Energy of Canada Limited for the very fine co-operation they have shown during the time I have been occupying this position. I have received nothing but the finest co-operation from them. They have relayed to me a great deal of information, and although experts in their fields and some of them very distinguished scientists they have very patiently explained the intricacies of atomic energy to a layman, and for that I am extremely grateful.

I had the opportunity last year of visiting Chalk River and seeing the plants in operation there and meeting the scientists who are doing such excellent work. I believe the program Canada embarked on some years ago and is now vigorously pursuing is really very much worth while. Canada is keeping well in the forefront of atomic energy research. We are training Canadians in this field. Their work is on a basis comparable with that of scientists in other countries. Our development work in these reactors at Chalk River and our projects for the power reactors have attracted the attention of scientists throughout the world.

It is sometimes not realized that there is a constant exchange of scientists in this nuclear field. Some of our people may be found in the United States and the United Kingdom, and representatives of those countries are here in Canada, exchanging information and learning on the spot new developments in each of these countries.

Our people are making a distinguished contribution in the presentation of scientific papers to the meetings of learned societies dealing with the problems of nuclear physics. All told, this program has developed in Canada a body of scientists expert in the nuclear field, and as our power reactor program continues the engineering and manufacturing sides will similarly in their turn develop skilled personnel so we will be in a position to compete satisfactorily with other countries when it comes to the construction and eventually the export of machinery or the type of building that is required for an atomic reactor.

With our large supplies of uranium in Canada we want to play an active part in the supplying of uranium to countries which in time will be requiring power reactors. None of this could be done without the basic work of Canadian scientists and the application of their knowledge to reactors such as the NRU and the NRX and these power reactors which are envisaged. Then in cooperation with that application we have the very good work being done by the engineers and manufacturers, who have gained a great deal of knowledge from their activities at Chalk River. I think, by and large, we may consider that Canada is making an eminently satisfactory contribution in the field of atomic energy.

Mr. McIlraith: Mr. Chairman, I am very glad to hear the minister speak in this way about the work being done by the scientists and technicians in this program and also the extremely important work being done by the engineers and manufacturers. I am sure he will not mind my expressing a personal thought. Having been associated in a small way with this program through the former minister, Right Hon. C. D. Howe, when these projects were being developed between 1945 and 1953, I am keenly interested in the program.

Personally I have a very keen appreciation of the work of that great engineer, and I am sure the members of the government will take no political offence at what I am saying in that respect. I have the most profound respect, admiration and loyalty, of course, for that friend whom I regard as a great Canadian and a great minister of the crown, but the point I wanted to bring out was his great work as an engineer in understanding this type of problem, pressing it forward and being able to organize and reconcile the work of the scientists, the engineers and the government.

I have a suggestion I would like to commend to the minister and the leader of the house, for their consideration, and I shall try to express it very briefly. Recognizing the importance of the Canadian government continuing to press forward the activities of government in the research field for peaceful uses of atomic energy, I am going to venture to ask the government whether they would consider setting up a committee to examine into this subject next session. I think perhaps the best evidence of the value of such examination is the volume of evidence taken by previous committees. The volumes of evidence put out by the committee are equal to about the volumes of three weeks' *Hansards* of this house. Well, it is obviously impossible on the discussion of the estimates to take three weeks of the house's time to go into the subject, yet I feel the subject is of such paramount importance that it should receive that kind of treatment.

I am one of those who hold the view that there are already too many committees sitting, and the retort could immediately be made that here I am asking for another one. I would suggest that an examination be made of the problem from the point of view of leaving the activities of one of the present active committees in abeyance for the year to permit the setting up of a committee to examine into this subject instead of into one or other of the matters considered by the committees during the current session. With these words I will close any general remarks I have on the subject.

Item agreed to.

692. To amend vote No. 786, of the Appropriation Act No. 4, 1951 by deleting therefrom the words "at a salary of $12,000," and substituting therefor the words "at such salary rate as the governor in council determines, but not exceeding $16,500", $1.

Mr. McIlraith: I want to say something very briefly on this and the next item. Perhaps I can discuss them together. This item, I take it, has to do with the appointment of a new assistant deputy or associate deputy minister, as the case may be. Will the minister very briefly explain this item, and then the next item, which has to do with commodities services. The item reads:

Further amount required including expenses of the small business branch, $30,000.

Am I right in assuming that this item is for the small business branch of the department?

Mr. Churchill: Yes, that is right.

Mr. McIlraith: I want to make one brief comment. In the throne speech we were led to believe that there was to be some new activity of government on behalf of small business. It was in the same careful language usually used in a throne speech, but from

the reference many of us assumed that some major activity on behalf of small business was being undertaken.

Here I want to interject a note of criticism of the government for having come forward on May 12 with that subject matter in the throne speech, and now we find that all that is contemplated is a gross expenditure of $30,000. It must be borne in mind that this includes such things as travelling expenses and very limited personnel. Really it is something that should not have been mentioned. It is merely an administrative matter within the department and should not have been in the throne speech. In other words, the language in the throne speech indicates one type of action, but the action taken by the government is merely an administrative action that is more or less routine in any department at any time in the administration of departmental business. In my view the government is subject to criticism and censure for having made the official pronouncement in the throne speech and then coming forward with no action in keeping with the pronouncement.

Mr. Pearson: May I say one word. I do not think the $30,000 item justifies the $30 million build-up.

Mr. Argue: I am keenly disappointed with the step the government has now taken in the light of all the soundings of trumpets and the $30 million build-up for this tiny and insignificant item. This may not be a question of much ado about nothing, but there has been much to do about very little. This will be something of a shock to the small business people of this country who were looking to the government for action in a very real way on this very important question. I wonder whether you would call it one o'clock, Mr. Chairman?

Mr. Pearson: Would the minister like to continue for 15 minutes?

Mr. Churchill: Unless there is extended discussion, what I have to say would take not more than five minutes.

Mr. Argue: I thought I would break into my own speech by calling it one o'clock, and I shall continue my remarks at 2.30.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Argue: Mr. Chairman, at one o'clock I was saying that the small business community will be exceedingly disappointed with the item we are now discussing. Of course there is nothing wrong or bad about the item itself but it is so trivial in relation to the many promises made by the government to come to the assistance of small business in this country. I have in my hand a report that appeared in the Charlottetown *Guardian* of February 28, 1958. It reports a speech made by the Prime Minister and reads as follows:

> He announced that if his government is re-elected, it is their intention at the first session of parliament to give consideration to a system whereby small business may be able to expand on reasonable terms, and have available to it a system of financing which is being considered to enable small business to meet its responsibility in expanding and assuring extra jobs. A community will continue to prosper and expand if small business expands, he said.

Where are the loans? Where is the system of credit in the item now under discussion? This is surely a very trivial and inconsequential item in comparison with the broad system of credit for small business promised by the government. The Prime Minister made speeches in many other places reiterating the same statement I have quoted from the Charlottetown *Guardian*. Small businessmen are very much in need of credit facilities at reasonable rates of interest. Over the years the federal government, including both Liberal and Conservative administrations has made available and continued a system of bank credits for farmers by way of guaranteed loans, guaranteed loans to fishermen and loans under the National Housing Act, but one of the very important gaps and omissions is the whole field of small business credit.

The average small businessman is not able to obtain long term credit at reasonable rates of interest. The banks cannot or do not provide credit on a long term mortgage basis. Banks will provide credit only for a short period. A businessman who needs short term credit of a few months duration to stock his store is very likely able to get that type of credit from a bank but if he needs long term credit to renovate his store or to build new premises or expand it is not readily available.

A couple of years ago we had a witness before the banking and commerce committee of the house from the hotel association of Ontario. He said that if hotel proprietors in Ontario wished to obtain money for expansion they had to pay an interest rate in excess of 14 per cent. I know of many businessmen who in order to stock their stores and provide facilities and equipment have had to go to finance companies, and borrow at rates of interest from 15 to 20 per cent per annum. The small businessman is not able to get credit in the same way a large business or corporation can. A very large incorporated business can obtain money on the money

markets. It can float debentures and obtain credit at reasonable rates. The small businessman is not able to do this. Yet in a given community it is very often the small businessman who provides credit to his customers on a short term basis without interest. He does this in competition with big business firms which are able to obtain credit for the purposes of their businesses at very low rates of interest but, when they provide credit to their customers on instalment purchases, charge interest rates of 15, 20 or 30 per cent per annum or more.

Therefore the small businessman is caught two ways. He is not able to obtain credit at reasonable rates of interest and he has to compete price-wise with big retail firms that charge enormous interest rates on instalment purchases by their customers. Because of the interest charges and the subsequent huge profits that flow to these companies therefrom they are often able to undersell the small businessman.

During this session we in the C.C.F. have made a special study of the needs of the small businessman. From time to time throughout the session members of our party have advocated measures in the interests of the small businessman. I do not know what other members are receiving in the mail but I know that I and other members of this party are receiving a great many letters from small businessmen having to do with the government's policy or lack of it as far as they are concerned. Many of these letters are identical and they are being sponsored by the retail merchants association. I have in my hand such a letter which is representative of the type of letters I have been receiving. It reads as follows:

> I am writing to you in the hope that you will bring to the attention of the house the urgency of early enactment of legislation, the subject of which being small business asistance.
>
> This subject was introduced in the throne speech and it is legislation if enacted that will redound to the benefit of the country as a whole. This is particularly true of the individual engaged in the operation of a retail store and who is desirous of obtaining terms of financing greater than that presently obtained from the chartered banks or institutions.
>
> Small business loans can be, if patterned after the small business assistance act which our neighbours in the U.S.A. have in effect, self-liquidating . . . All that they need is government guarantee. We urge you, as our member, to voice your opinion in the house on this very important matter now.

This letter is signed by Mr. Aron Jansonn of Crestwynd, Saskatchewan. As I have said, this letter is similar to that used by a great many small businessmen in writing to their members of parliament. I would hope the minister and the government would act as requested at an early date. We are disappointed in this estimate, which is so inadequate. We hope that action will be forthcoming in the very near future.

The small businessman is a very essential part of what is termed by many as our free enterprise economy. Most people, when they use the words "free enterprise economy", probably mean an economy wherein there are a very large number of independently owned and operated small businesses. I do not agree with the misnamed free enterprise system if by that is meant the kind of monopoly-ridden and monopoly-choked economy that we see in our country in many fields. But I do believe that the small, independent businessman, the local merchant and dealer is a very important part of our Canadian society; that he performs a very worth-while function in his community; that he is an asset to our nation, and that the government should do everything within reason to assist him to maintain the very important services that he provides.

I am one who believes very firmly in private property, so long as it is private property and so long as it is not used to exploit the community. The more private property we have, in the sense of property owned and controlled by individuals who do not use this property to try to exploit their neighbours, the better it will be for our Canadian society. We believe in private ownership, which is best illustrated by the kind of small businessman to whom I have been referring. We believe in co-operative enterprise, an association of many members in a co-operative organization on a self-help basis, with one membership to each participant and with one vote for one membership. This provides the greatest degree of democratic control of such an economic organization.

We believe in public enterprise. I referred the other day to Trans-Canada Air Lines as a publicly owned enterprise which I felt was doing an excellent service for the people of Canada. We do not feel that such a service can be provided by private enterprise, as I have defined it, by one or two people providing that service, obviously neither does it lend itself to a co-operative enterprise. We feel that rather than have Trans-Canada Air Lines owned and operated as a joint stock company or a private monopoly it is better to operate that organization under public ownership. The fourth type of ownership I would call corporate ownership, and when corporate ownership becomes a monopoly and such monopoly is used to exploit either the consumer or the worker, then we are opposed to such a type of ownership.

I feel that the government, in keeping with its election promises, should be doing far more than is being done under this legislation. There is need now for a system of credit to small business at reasonable terms of interest. I feel that is an essential step that should be taken now. Small business firms often find it very difficult to compete with the larger firms on a price basis. There is a widespread but mistaken opinion that the small, independent businessman is not efficient; that to have efficiency you have to have bigness. The reason big firms are able to override small business firms is because of their corporate strength; it is because they are able to buy more cheaply, because they can get credit more cheaply and because they are often in a position to provide credit to customers on an instalment basis at a very high rate of interest. But if the small, independent businessman in this country could have the goods laid down at his door at the same general cost level as the goods are laid down at the door of the big chain stores, I am certain that the small businessman would lick the chain stores every time. Small business can operate on a smaller margin. It can give better service, but small business has great difficulty now because of the things I have mentioned and more especially because it is unable to obtain long-term credit at reasonable rates.

I do not know why the government does not act now. I think parliament is sympathetic to the position of the small businessman. I would urge the government to fulfil its election promises, and not by providing a few thousand dollars in an estimate to hire one office manager and two or three stenographers to provide gratuitous advice to the small business people of this country. I do not think it is the kind of advice that they need. Unless the people who are appointed in accordance with this item in the estimates are most outstanding, I would question whether they are competent to give advice at all. I would be inclined to believe that the part of the item which has to do with travelling expenses is there so that the one or two officials who are appointed under this estimate may travel across the country interviewing small businessmen and learning themselves the kind of second-hand advice they should pass on if they get some letters of inquiry. I do not believe that, by this item, the government has shown that they believe at all in the free enterprise system about which they talk so much. One would wonder, from this item, whether or not the government believes at all in the system of free enterprise. However, I urge again that the government take adequate steps, even in the dying days of this session, to provide credit facilities to small, independent businessmen so that they can continue to provide essential services in their communities, and so that the government will be able to say to the Canadian public, we have kept this election promise.

Mr. Carter: I should like to take advantage of this item to bring to the minister's personal attention a matter which is of very great importance to my own constituents, indeed to all the people of Newfoundland and particularly those who have to live in the smaller settlements. My problem has to do with the regulations laid down by the division of weights and measures, in so far as they apply to the sale of coal in Newfoundland.

Prior to confederation the standard ton in Newfoundland was the British weight of 2,240 pounds. This tradition, of course, left its mark on the ways of our people. Coal is sold in most settlements in Newfoundland over the side of a ship and is unloaded into a small boat which is rowed ashore, then men shovel that coal out of the boat into a barrel or measure. Then they have to carry it sometimes as far as half a mile or a quarter of a mile up to their homes, up the land wash and overland without any roads at all. The standard measurement that has been used all this while is that of 12 tubs to the ton, which gives a tub a weight of 187 pounds. That has been an easy thing to do because they can always get a pork barrel or a beef barrel and saw it off at the required length, and that gives the exact weight and measurements for this purpose. Furthermore, this weight of 187 pounds is about the weight that two people can carry under the conditions which I have just described. Also in certain places people contribute to the schools. Instead of contributing cash they contribute a barrel of coal. I may say that the people themselves own their own measures which they take off and compare with the one on board ship. Then on shore they use that same measure with which to unload the coal from the small boat and carry it up to their storehouse. They also use that same measure to carry coal to the schoolhouse if they are contributing in kind.

The standard ton or legal ton under Canadian law is the short ton of 2,000 pounds. The division of weights and measures have laid down the regulation that the only legal measure is a tub of 100 pounds or multiples of 100 pounds. A 200 pound tub is too heavy for two people to carry around under the conditions which I have just described. Some people in Newfoundland—a very few firms, I might say—store coal for resale. The ordinary small businessman whom the hon. member for Assiniboia has just described

might carry perhaps 20 tons or 30 tons as a sort of emergency stock to tide people over the winter if winter conditions are unusually severe. The people who stock coal in quantity use the short ton, or they have adapted themselves to the short ton, but they find it more convenient to use the 250 pound tub because two tubs weigh one-quarter ton, four tubs half a ton and eight tubs would fill up the ton. These are amounts by which coal is bought on the retail basis. I would therefore urge the minister to do one of two things. I would urge him either to suspend these regulations in so far as they apply to the resale of coal in Newfoundland or else legalize the two measurements which are most convenient for Newfoundland to use, namely the 250 pound tub and the 187 pound tub.

Mr. Garland: I have no desire to delay the committee, Mr. Chairman, but I should just like to ask a couple of questions. It is a well known fact that this matter of assistance to small businessmen was promised during the 1957 campaign and again during the 1958 campaign. Then again, as was pointed out this morning, it was mentioned in the speech from the throne. I should simply like to know what is the present status of the government's thinking on this subject. It will be recalled that in the 1957 campaign—and I will be very brief—the Prime Minister in speaking on the subject at that time sought to encourage small business. He said that a parliamentary committee would be appointed composed of cabinet ministers and representatives of small business associations from all parts of Canada. That was prior to the election. Then in June of this year the present Minister of Justice, in speaking to a group of retail merchants associations in his own province, dealt with the subject. The headline of one story that emanated from that meeting was "New Plans Announced by Fulton". It reads in part as follows:

> The federal government is proceeding "at once" to set up a small business section in government aimed at helping small businesses solve their problems, Justice Minister Fulton said tonight.

Then in an address to that same group, The Retail Merchants Association of Canada, he said this:

> —Mr. Fulton said these steps are being taken to remove "artificial" obstacles to small businesses in Canada.

I was wondering whether the minister might enlarge on that aspect of the matter. Then we move along to other stories that have been emanating from what are usually represented as reliable sources, namely that all small businessmen may expect is some advice and not loans or any real assistance. I would appreciate any comment the minister would care to make.

Mr. Gour: I will not remind the minister of the promises made during the election campaign in my riding. He promised five big bridges on the Ottawa river across from my riding to Quebec. On two occasions ministers were there in support of the Tory candidate and they were producing those promises. The Minister of Mines and Technical Surveys was one of them. However, I will not speak about politics.

I think it is a good thing that we should have some kind of credit guarantee by the government for small businessmen. I am the only one in my own town—and I thank God for it—who is able to stay in business in competition with these big companies. These big companies are using the business people in my riding to make them work for them and in ten years they will be out with nothing. It is through these big organizations or stores, through their sales, that these people are induced to buy refrigerators and everything. Many sell their products and there is nothing remaining for these people who sacrifice their own business. The point is that they do not sell on credit. It is only the small businessman who will help the people who want credit without interest. Most of the small businessmen give credit. Many of them give credit up to six months and many times—I and my friends have done it—a year without interest. If we had some kind of plan to guarantee these business people through the bank, something like that for farm development and for housing purposes, whereby a loan can be obtained at the bank at a lower interest rate, these people could give credit without interest to their customers. They treat their customers as friends, not as does big finance. Most of the time, now that a Tory government is in power, when they are short of work all over and business is bad they need more credit than ever. If it were possible to guarantee the loan to the bank or to have a special organization for small business people it would be a great advantage for all Canada. It will give credit to these people. They will buy more. As I said a moment ago, it is not for me. Up to now I have not needed a government loan. But I am only one in quite a large territory.

That would render a service to customers and give them a chance to buy the products they need—seed, agricultural machinery and so on. This is a good thing which has been promised, and this is the time to do it. As I said a minute ago the need today is greater than it was two years ago, since there is now less work and a greater shortage of money.

A measure of this sort will help to provide more work because it would give the people who need the goods a chance to buy them.

As many speakers have said, if borrowers go to the finance company they are obliged to pay interest at the rate of between 12 and 15 per cent. If, on the other hand, they bring their financial problems to the bank, the loans could be guaranteed by the federal government. The managers of the banks in the various districts are gentlemen. They know their people. They know those who should receive credit, and they know those who are likely to ask for more credit than they can handle. I do not think you could find anybody more qualified to extend credit than the managers of the banks in rural districts, certainly, and to some extent in urban areas also.

There is an urgent need for something to be done. However, I have one criticism to make. Thirty thousand dollars is not enough. It is peanuts. I myself would need more than that amount if I were to set out to buy something on any scale at all. I urge the minister, who is a businessman and who is in a position to be called the minister of business affairs, to consult with his friends in the cabinet and remind the Prime Minister of what he said so that something may be done this year to settle this urgent question.

Mr. Churchill: I judge from the opinions that have been expressed during the last half hour and just before the lunch hour that there is general agreement that a small business branch should be set up and proceed to deal with the problems of small business.

I notice from the remarks which hon. members have made that they are fully aware of the problems which affect small business and are quite sympathetic towards them. These remarks will be studied carefully and the suggestions which have been made will be given close attention. I appreciate the fact that hon. members have put on the record some of their observations gathered from their own personal experience, as the hon. member for Russell, the hon. member for Burin-Burgeo and others who are in close contact with small business and know something of the problems which small businessmen face, have indicated.

I will set out briefly the plan as we see it at the moment, and conclude with one or two comments. As has been pointed out, this arrangement was forecast in the speech from the throne in the following words:

> In order to assist small business, there will be established a small business section within the administrative machinery of government. The functions of this organization will be to provide liaison between the government and small businesses, to study the problems of small business and to advise on measures necessary to meet them.

Small business is a large and important segment of the Canadian economy in terms of its contribution to employment and national output and its worth in the life of many communities. More than four-fifths of all manufacturing establishments in the country have fewer than 50 employees and account for over one-sixth of the total selling value of factory shipments. Retail stores with under five employees represent close to nine-tenths of all establishments of this type and are responsible for over two-fifths of the total value of retail sales. In the case of wholesale trade, firms with fewer than five employees make up about two-thirds of all establishments and conduct about one-fifth of all the wholesale business in the country. Small establishments with under five employees predominate to an even greater extent in the service industries, representing almost nine-tenths of all establishments and accounting for over one-third of total receipts.

Many representations have been made to the federal government by individuals and trade associations for some form of assistance to enable small business to meet more effectively the problems with which it is confronted. Most of the proposals have involved the establishment of a service which would provide small businessmen with information and advice on their production and marketing problems.

In the light of these considerations, the main objective of the small business office would be to help small businessmen to help themselves. The following terms of reference are suggested:

1. To act as a clearing house in referring inquiries of small business to the appropriate departments of the Canadian government or provincial and municipal governments and to various other organizations and institutions;
2. to compile and distribute bulletins and reports on topics of general interest to small business including information on government procurement;
3. to assist small business on request to obtain statistical, technical and other information on management, production and marketing problems;
4. to undertake studies concerning small business, particularly for guidance of the government in developing new policies in this field and as background material for dealing more effectively with the problems of small business;
5. in the course of its work, to consult and co-operate with educational institutions, representative business associations and other private organizations.

That, Mr. Chairman, presents in general terms the functions that will be performed by the small business office which will be set up in the Department of Trade and Commerce. The Department of Trade and Commerce has a wealth of experience in dealing with business across this country whether large or small. Within the industrial development branch of the department a great deal

of information has been compiled in the past and consequently it is appropriate that this section should be set up in this particular department where considerable experience is already available.

I appreciate the fact that some hon. members feel we have not gone far enough at this stage. That is, of course, a criticism to which any proposal is open. However, I suggest we are indicating here the government's intention to do what can be done to assist small business, and I have already indicated the importance of small business in Canada.

The paragraph in the speech from the throne and the terms of the reference which I have just read out indicate that we are aiming to determine the problems of small business before any further plans are made. I am sure hon. members will appreciate that this is the proper way to approach any subject such as this where you are entering into a relatively new field. All the facts should be assembled, representations should be heard from those engaged in small business, the operation of similar institutions in other countries should be studied and plans carefully laid for the furtherance of the interests of small business in the future.

These things cannot all be done overnight impatient as some of us may be to get on with the job. We must have this background of material before proceeding and I think this is a step in the right direction. During the course of the month of October this office will be functioning and will be available for consultation with business associations across this country and before many months have elapsed I believe there will be established a body of information from which we can draw conclusions that will be advantageous to the government in formulating its plans for the future in connection with small business.

Mr. Benidickson: I believe the minister in describing the policies of the administration has spoken as a true Conservative. Probably some of us expected this but on the other hand in a debate that took place yesterday or the day before I indicated that during the election campaign the Conservatives had used pretty large explosives which proved in the end to have very blank cartridges. I believe that is very true in regard to this particular vote which we are asked to approve.

In Yarmouth on March 25, 1958, the Prime Minister made a statement on the subject as reported in the Halifax *Chronicle-Herald* of March 26, as follows:

> The Prime Minister said his government was planning to provide financial assistance for the small businessman, "who had found himself hampered by tight money".

[Mr. Churchill.]

He blamed this, of course, on the previous administration. I continue:

> An inter-departmental committee in Ottawa was presently studying the problems of small business, he said and "the net step" would be a program making available financial assistance for this type of business.

That is not what we are asked to approve at this stage many months after this assertion. We are asked simply to approve a small vote for an increase in the civil service of an advisory nature and I believe there is an element of travelling expenses involved there.

The *Financial Post* analysing this problem some time ago indicated that perhaps the two elements of small business which had been most active and regular in approaching governments in the past had been retail merchants and the operators of tourist resorts who felt that the ordinary sources of money supply in this country were not available to them. I know that since the last decision of the electorate both these organizations have sent representatives to the federal government. They have sent their national officers to interview the Minister of Trade and Commerce and the Minister of Finance, I believe. After all the promises we have heard it is pretty small potatoes when the government provides only $30,000 to set up a body to counsel and advise. I do not believe it is advice that the small businessmen seek at this time.

We have the industrial development bank. It is not appropriate to discuss that at this moment and I will not enlarge upon it. We will have an opportunity in a matter of a day or two to discuss that with respect to the estimates of the Minister of Finance. I believe the retail merchants association particularly which in its annual conference had heard a rather glowing speech in Vancouver from the Minister of Justice following the election will be disappointed to find that despite the very obvious hints made in that speech, this vote of $30,000 is simply to enlarge the staff of civil servants in the department of the Minister of Trade and Commerce to give advice to the small business community. That is not what they have sought. The thing they want most is access to credit facilities.

The mere fact that this supplementary vote is contained in the estimates of the Minister of Trade and Commerce and not in those of the Minister of Finance indicates for sure that all the present administration is likely to give to small business, notwithstanding the statement of the Prime Minister at Yarmouth which I quoted, is advice and counsel and, I suppose, a pat on the back. I believe this is very contrary even to the speech made by the Minister of Justice in

Vancouver to the retail merchants association. Surely the administration has noted that very recently, and I believe largely because of depressed economic conditions the United States Congress before adjourning as they did last week—and they were only generous in some of their fiscal changes with respect to small business in the matter of tax relief and in the matter of lending—did something very important and substantial to help what they call the small business community of the United States. Here we have what is simply a vote of $30,000, 75 per cent of which is for an increase in salaries for civil servants and the balance of which, as far as I know, is for the travelling expenses of those civil servants.

Mr. Carter: Mr. Chairman, I appreciate that the minister made a passing reference to the problem I placed before him a few moments ago. May I have his assurance that he will look into the matter and see what can be done because by so doing he will not only be helping the small businessman but also the people who depend on coal for fuel. If merchants are forced to go to the extra expense of these additional measures which his department is insisting upon that cost will be passed on to the purchasers and the cost of coal is already fantastically high in Newfoundland.

Mr. Churchill: Yes, Mr. Chairman, I shall certainly look into the matter presented by the hon. member for Burin-Burgeo. I quite appreciate that that is a really pressing problem on the part of the people who are accustomed to a different measure.

Mr. Crestohl: Mr. Chairman, I have a question to ask the minister. On July 17 when the house went into supply on the minister's estimates I asked him then what progress was being made in connection with the small business proposal. The minister at that time told us that the government had not yet assigned a department which would deal with this matter. The house took it for granted that this would fall within the jurisdiction of the Minister of Trade and Commerce. When the minister spoke on July 17, as reported at page 2357 of *Hansard,* he said:

> I cannot let this opportunity pass without correcting my hon. friend with respect to the statement I made on the setting up of the small business section. There has been no withdrawal from the plan to give such assistance as may be possible to small business in Canada. All I said was that a final decision had not been reached as to whether or not the Department of Trade and Commerce would have that responsibility and I hope within a very short time an announcement will be made to this house as to the setting up of a small business section.

My question now is, can we take it for granted that this small business section will fall within the jurisdiction of the Department of Trade and Commerce?

Mr. Churchill: Yes, Mr. Chairman. When we discussed this on July 17 the decision had not been made, but the fact that it is under the trade and commerce estimates is one indication that it will be done by this department, and I so announce at this time.

Mr. Benidickson: The minister did not in a particular way refer to the remarks I made a few moments ago, but we have learned through the press that he proposes to enlarge his staff with the acquisition of, I have no doubt, an estimable gentleman who I understand served with the minister in the armed services during world war II, and he will take a distinguished position in the department. I know nothing about the gentleman concerned. Is he what might be called a small businessman? Press reports indicated that he might be taking the lead in advising the minister with respect to small business problems. Is any part of this vote of $30,000 to provide for the salary of the gentleman in question?

Mr. Churchill: No. My hon. friend is referring to the appointment of the associate deputy minister, Mr. J. M. Roberts, who served as a brigadier in the army in the second war. This small business section may be placed under his supervision within the department; but in setting up a new section like this a most active part will be played by the deputy minister himself who has had 30 years of experience within the department. Mr. Roberts has had considerable experience in business. We hope to enlist from departmental circles people who have had experience along this line and, if necessary, receive other assistance from people who have had similar or even greater experience with small business.

Mr. Herridge: Mr. Chairman, because we in this group are firm believers in legitimate free enterprise which as part of the mixed economy we believe is the next evolution that our economy will move toward, we have been very interested in the question of small business for some years. In fact, the group to which I belong have given some study to this question to my knowledge for a period of over five or six years.

I am very pleased indeed that the government is seizing on the idea at this time or, at least, thinking about the question. I listened closely to the minister's statement and explanation of the purpose of this $30,000. And while this, shall I say, is a very short step in the right direction, in view of the statements made by members of the government in the country and the anticipation aroused

amongst small business people during the election—and this is indicated by the actual correspondence that I receive from day to day—the minister's explanation this afternoon is going to be what I would call a damp economic squib.

I know very well that this cannot be undertaken without an organization and I am glad to see that the organization is being established and some study is being given to the matter because we believe that small business is an essential and very necessary part of our economy, particularly in view of the monopolistic tendencies that are being developed in all directions. It is for that reason that we believe some study should be given and an effort made to assist in a proper and sound way small industry, distribution and some services which would include tourist resorts and operations of that type.

I spoke previously at this session on this question and I do not intend to take up the time of the committee now except to say that I know dozens of small businesses which are being well operated at the present time and well managed, but because of the lack of opportunity to borrow capital over long terms at low interest they are experiencing difficulties, difficulties which are not created by inefficiency or poor management but which are created by our present economic system and by the intensive competition which comes from larger segments of our economy. I do urge that the government give consideration to every possibility of rendering the financial assistance that is so urgently needed. As this group has recommended and suggested before, it might be done through the industrial development bank; it might be done through guarantee by this government to banks of 10 per cent of the losses on loans, similar to the scheme which is provided under the Farm Improvement Loans Act, or it might de done by an amendment to the Bank Act. There are a good number of avenues open for exploration in this respect and I do hope the government gives this question very urgent and close consideration and at the next session presents this house with a proposal which will offer opportunities for legitimate private enterprise which on a sound basis can qualify to receive the necessary financial assistance that it urgently requires at this time.

Mr. Garland: Would the minister care to reply to the second question I asked earlier this afternoon with respect to the comment of the Minister of Justice who said that steps are being taken to remove artificial obstacles to small business?

[Mr. Herridge.]

Mr. Churchill: I am not sure that I would know exactly what the Minister of Justice was referring to there, but I presume that in our planning and in our discussions with small business organizations we shall find what those artificial obstacles are and do our best to remove them. I would say that no one is more interested in this particular problem of small businessmen than the Minister of Justice who has discussed some of those matters with me on several occasions and has made constructive suggestions as to the operation of this particular section.

Mr. Garland: He said steps are already being taken. The minister can understand my concern.

Mr. Benidickson: The *Financial Post* asserted that the chief small business people who were organized were concerned about some government development in the field of credit. They represented the retail merchants association and the hotel and motel associations. As a result of this coming before us last week as a vote in the Department of Trade and Commerce would the minister suggest that from now on those organizations make their approaches to him rather than as in the past to the Minister of Finance, notwithstanding that their chief concern was the matter of arrangement of credit on a basis that would be comparable to that available to big industry under the industrial development bank, or to farmers under the farm loan board or the Farm Improvement Loans Act, or to fishermen, and so forth?

Mr. Churchill: Mr. Chairman, I hesitate to suggest to any association with which department it might consult. We are quite prepared to meet with representatives. If, on the other hand, they prefer to talk to the Minister of Finance and relieve me of that I would be perfectly happy. But at the moment I imagine that organizations such as the hon. member refers to might want to confer with the heads of both departments.

Item agreed to.

The Chairman: This completes the estimates of the Department of Trade and Commerce.

DEPARTMENT OF PUBLIC WORKS

Public buildings, construction and services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

673. Newfoundland, $35,000.

Mr. Pickersgill: Just a minute, Mr. Chairman. Is this a new project or is it just additional money?

The Chairman: Shall 673 carry?

Mr. Carter: On item 673 may I just bring to the minister's attention again the plight of one settlement in my riding which I have already brought to his attention and concerning which considerable correspondence has been exchanged. I refer to the fishing community of Seal Cove in Fortune bay. The people of this community were forced to give up the fishery because the harbour deteriorated to such a point that they could no longer carry on that occupation. Subsequently most of them found employment in the woods operations of the paper companies in Newfoundland. With the curtailment of woods operations now they are once more forced back to the fishery.

Mr. Green: I do not wish to interrupt the hon. member but I think that comes under item 682.

Mr. Carter: Oh, I am sorry. I thought it was 673.

Mr. Pickersgill: Is this extra $35,000 for another project or is it just additional money?

Mr. Green: Item 673 is for additions and alterations to the building at Stephenville.

Mr. Pickersgill: That is the new building completed three or four years ago?

Mr. Green: Yes, apparently that is the case.

Item agreed to.

675. Quebec, $270,000.

Mr. Chevrier: May I ask the minister if he would allow this item to stand so that after the public accounts committee has completed its sittings there may be an opportunity for the house, if it so desires, to discuss any matters arising out of the hearings.

Mr. Green: Mr. Chairman, I have no doubt it would be very interesting to have a discussion on what has been happening in the public accounts committee. The details of this item will be found on page 7. It covers four different buildings, a public building at Hudson in the amount of $35,000, a public building at Loretteville in the amount of $60,000, Pont Viau postal station in Montreal, $100,000—

Mr. Benidickson: That is Hudson, Quebec, not Hudson, Ontario?

Mr. Green: Yes, Hudson, Quebec. It also covers a public building at Schefferville, $75,000, or a total of $270,000. The vote is only for these buildings and I suggest that it would not be in order to discuss projects in Hull under the vote.

Mr. Chevrier: May I bring these points to the attention of the minister? First, if he held up this item I do not think there would be a lengthy discussion of anything arising out of the public accounts committee but I think it is only fair to those of us who have been in the public accounts committee for many weeks that there should be one item on which there would be an opportunity to have such a discussion if that opportunity should be found desirable at the end of the session. I am sure the minister will realize that it is not with the intention of delaying consideration of the estimates that this is being requested. On the contrary, these estimates have been going through at a pretty rapid pace. This is the only item I can find under which, since it pertains to public buildings, such a discussion could take place. While strictly speaking the item is perhaps not attributable to the printing bureau in Hull, nevertheless it is the one that is more closely associated with it. Because of that I again appeal to the minister. I also appeal on another ground. It is my understanding that these items can sometimes be transferred from one building to another by virtue of a ruling of the treasury board. For that reason also perhaps the minister might want to co-operate with us to that extent.

Mr. Green: It would be quite improper to make any arrangement of that kind. Under the rules of the house there is provision for discussing the reports of committees, and I believe it would be quite without reason for me to hold up an item which has nothing whatever to do with the printing bureau simply so that there can be a discussion of the printing bureau. It may be that the committee will not bring in a report. I do not know.

Mr. Chevrier: Quite possibly.

Mr. Green: I really think it is unfair to ask that the estimates of the Department of Public Works be held up—

Mr. Chevrier: One item.

Mr. Green: —that even one item be held up under these conditions.

Mr. Chevrier: I do not want to pursue the matter unduly. If the public accounts committee did not bring in a report there would be no further opportunity to discuss the matter. I think I can assure the minister that if he were to allow this item to stand there

certainly would not be any lengthy discussion at this time. However, in view of his attitude I am not going to pursue the matter unduly because we have arrived at the point where I think we want to give due consideration to his estimates. Having refused that request, would the minister be good enough to answer this question. Would he tell us whether or not it is accurate that on May 7, 1958, a call for tenders went out from the department for the installation of a centrifugal refrigeration system at the public printing bureau in Hull?

Mr. Green: Now, the hon. member is trying to reach the same objective by another route. This is a question having to do with the printing bureau, and it would be quite out of order for me to deal with it here on this vote. There was a vote passed by the house some weeks ago—

Mr. Chevrier: Does the minister remember how much?

Mr. Green: —which dealt with—

Mr. Chevrier: Does the minister remember how much it was?

Mr. Green: I think it was $800,000; two votes of $400,000 each.

Mr. Chevrier: Was it in the main estimates or in the supplementary estimates?

Mr. Green: There was $400,000 in the main estimates and $400,000 in the supplementaries. This is just a case of getting the door open one inch, and then going through it. I have no intention of doing that. The rules provide for the conduct of discussion on these estimates, and I must ask that the hon. members abide by the rules.

Mr. Pickersgill: May I say a word on the point of order, and on the point of order only? The minister is well aware of the fact that these votes are all for public buildings in Quebec. What he is now asking is to add $270,000 to the votes that have already been passed by the house for public buildings in Quebec. The treasury board has the power to transfer this amount—I know this well because I sat on the treasury board over and over again when it was done—from one building to another in the province. It is the present intention to vote this money for the four buildings, but it is in fact available for any public building that is mentioned in the estimates this year in the province, and one of these is the printing bureau at Hull. I submit it would be quite wrong to ask any questions about anything that has happened in the past, but anything that is going on in the current fiscal year it does seem to me is quite in order under the rules because of the fact that the item relates to public buildings in Quebec in general and therefore my hon. friend's question is quite in order.

Mr. Green: In so far as the question the hon. member for Bonavista-Twillingate has mentioned is concerned, if his suggestion were to be acceded to then the result would be, in effect, that there would be a second discussion on an item which was passed weeks ago. This, of course, gets us into an impossible position; it would be quite out of order. I can give to him assurance that these moneys that are voted here will be spent for those buildings which are listed under the vote I am now asking the committee to pass.

Mr. Bourget: I just want to add a word on this subject. I think hon. members will find that for the past 18 years it has been the practice to allow hon. members to discuss any construction projects in any province as long as the item is in the main or supplementary estimates. If the minister will look in *Hansard* for the past years, he will find that great latitude has been given to members to discuss any project, and even if there were only four projects listed in the supplementary or further supplementary estimates. This has been the practice. I remember well, having been the parliamentary assistant for four years, that we allowed members to discuss all kinds of projects. As the hon. member for Bonavista-Twillingate has stated, any of this money can be transferred from one project to another, and that means we are allowed to discuss any construction project in the province of Quebec on that particular item.

Mr. Green: From what I have read in the press, Mr. Chairman, I believe there has already been a rather wide opportunity to discuss the printing bureau in that committee. I do not doubt but that there will be a somewhat lengthy discussion even yet, before the house is prorogued. I say once again that I realize how nice it might be to have a free-for-all on the printing bureau, but this would be quite out of order on these estimates and I ask Your Honour to rule accordingly.

Mr. Chevrier: There is no question of having a free-for-all about the printing bureau. I can assure the minister that is not the intention. Certainly in so far as I am concerned, and I think I can speak for my two colleagues who have joined me in this, my intention is to ask two, three or four questions, and then I will resume my seat. The first question I should like to ask the minister is, if it is a fact that on the 7th of May, 1958 there was a tender called for centrifugal

refrigeration machinery at the printing bureau, and whether or not it is so that that tender was recalled.

Mr. Green: I submit that question is out of order.

Mr. Benidickson: Mr. Chairman—

The Chairman: Order; it is quite impossible for the chair to permit hon. members to get away from the question of relevancy in connection with the items being discussed at the moment. It is impossible for the chair to know what is being decided by the treasury board and consequently we cannot, on this particular item, talk about what is being decided by that particular body. We can only discuss the items which appear in the estimates before us. Consequently, I would ask hon. members to confine their remarks to the item under discussion.

I believe that this question of the printing bureau can be discussed when the committee presents its report. Questions can be asked also about this matter during the orders of the day. I do not consider that it is relevant now to discuss this matter. Furthermore, in so far as the remarks of the hon. member for Levis are concerned, although there may have been a certain latitude given in the discussion in former years, I must adhere to the rules of relevancy which demand that we discuss the particular items as they appear before us. I, therefore, must ask hon. members to keep their remarks as relevant as possible.

Mr. Chevrier: I wonder if I might just ask a question for enlightenment, because I am sure you will want to guide those of us who sit on this side of the house. You have just stated that the matter could be discussed when the public accounts committee presents its report. However, if the public accounts committee should not present a report or if concurrence should not be moved in the report, then there is no opportunity for discussion. You stated also, sir, that a question may be asked on orders of the day, but the Speaker will rule such a question out of order immediately because the matter is before the public accounts committee.

What we are trying to do now is not to discuss matters that are before the public accounts committee, but to discuss a matter for which a portion of this vote, namely $270,000 for public buildings in Quebec, may be transferred for the construction and completion of a public building, namely the printing bureau in Hull, Quebec. All I am seeking to do is to ask three or four, at the most, pertinent questions, and not to delay the consideration of the estimates in any way, but to get this information for use elsewhere.

Mr. Green: The hon. member, in his very last sentence, has given another reason why he is completely out of order. He wants to get these answers for use elsewhere, that is in a committtee of the house. We cannot discuss in the house what is happening in a committee. This is certainly, without any doubt, the rule, and for the hon. member to ask a question here in order that he can use that information in committee is another ground on which he is completely out of order in asking the question. He has no right at all to come in here and start asking questions about it.

Mr. Chevrier: The minister is quite wrong because we did elicit from the Minister of Transport and from the Minister of Agriculture the other day information concerning the procedure with reference to an airport building at Dorval and information concerning the Saskatchewan dam, and there was use made of that information at the committee.

Mr. Green: They were not under discussion in a committee.

Mr. Chevrier: I say to the minister respectfully that if a minister in the House of Commons makes a statement with reference to the policy in his department concerning a public building, surely that can be used at the committee. The purpose of this question is simply to confirm the information that we have at the moment with reference to this matter. The question I asked the Minister was whether or not this tender had been advertised for and recalled.

Mr. Benidickson: I do not know whether the committee on public accounts will report. However, I do not think that matter is relevant at the moment when we are discussing this item. I was given the privilege for several years of attending certain meetings of treasury board, but only those that had reference to preparing the estimates for the forthcoming year. However, as a result of that experience I have a recollection that in respect of a vote of this kind great freedom is given to the minister to transfer appropriations such as this one, which in total is $380,000, from one project to another provided it is within the province, notwithstanding the detail that is given the House of Commons in this particular respect on page 9. We are given an indication that it is intended —and I believe sincerely intended—to appropriate this $380,400 in a certain way as outlined in the details on page 9. But the vote after passing today is available to the minister and to his department, as far as I recollect. If he finds that one or two or more of these projects cannot be proceeded

with for any other reason, he has full freedom to use the vote that we might now make and apply it to the printing bureau in Quebec for air conditioning or anything else that is subject to discussion, maybe not appropriately, in the committee on public accounts, because I think their basic job is to consider expenditures that were made prior to the end of the fiscal year ended March 31, 1958. But notwithstanding that, the point I want to make is that there is such transferability with respect to this vote that we are asked to approve, such discretion left with the minister, that we would have every right at this stage, quite irrespective of the public accounts committee, to ask the minister with respect to almost every appropriation that could conceivably be an item that would be transferred and utilized as a result of the vote we are just about to make, including the possibility of a further expenditure on the public works in Quebec and that involves the printing bureau in Hull.

Mr. Green: Mr. Chairman, the minister has no discretion whatever to transfer money from this account. On the two points I have raised, namely that this matter is not covered under the item under discussion but under an item passed some weeks ago, and also the fact that here we have an attempt to combine the house and a committee which has not yet completed its business, getting information by questions in the house to be used in the committee, I submit that these questions are quite out of order.

Mr. Benidickson: That is a very interesting statement from the minister. I want to know whether we in committee of supply henceforth can feel that he has bound himself. I should like to know to what extent. We are being asked to vote $380,000 for public works within the province of Quebec under a certain statutory item in the estimates. All right. On page 9 we are given some details as to the purported intentions. There are probably ten individual items given in detail on page 9 of the further supplementary estimates (1), 1958-59.

Mr. Green: You are looking at the harbours and rivers.

Mr. Pickersgill: Look at page 7.

Mr. Benidickson: Yes, page 7. The same principle, of course, applies with respect to the province of Quebec, the amount being $270,000 instead of $380,000 which I was referring to because I was looking at the other page. Do I understand the minister to believe that he would be restricted, under our rules or past practice? If it was not possible to expend within the fiscal year say $35,000 for the public building at Hudson, am I to understand that he would not be able to spend any part of this $35,000, part of the $270,000, on anything connected with a public building in the province of Quebec except perhaps Loretteville, Montreal and Schefferville? Is that the restriction which my hon. friend feels he is confined to under the practice of the treasury board and so on?

Mr. Green: The statement I made, Mr. Chairman, was that I as minister have no discretion whatever to transfer any money from these projects.

Mr. Pickersgill: I should like to point out to Your Honour that the language of the vote is what governs and not the minister's own disposition in the matter, however agreeable that might be. The relevant words of the item are as follows:

—provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

I should like to put a question to the minister and I am putting it to him with the utmost sincerity. Does the minister maintain that this vote 675 has no relation to the vote in the main estimates; in other words that the transfers can only be made between the four projects listed in the details of this vote and that it would not be competent to treasury board to take any of this $270,000 and transfer it to any other project in the year's program? On this point I quite honestly confess that the minister could be right and I could be wrong. However, my impression—and it is quite a strong one—is that these supplementary votes are added to the main vote and that in the bill it becomes one vote for public building in the province and that the transferability is between all of those projects.

I think our differences narrow down to this. If the minister is right in law that this item applies only to these four projects, I do not think we could insist any further, much as we think that the minister ought to be generous and take the kind of view his predecessor took.

Mr. Green: And be foolish.

Mr. Pickersgill: I beg the minister's pardon?

Mr. Green: In other words, he ought to be foolish?

Mr. Pickersgill: If the minister wants to say that his predecessor was foolish, that is his right. I do not want him to put those words in my mouth. What I am saying is that I think the minister ought to show some generosity, especially when he as an instrument of the executive is here craving from the Commons money to carry on the government of the country and he is not here as someone ordering us to stop asking questions.

The minister will appreciate the point, of course, because he has been quite recently in this position himself. What I am saying is this. If the minister with his legal experience and from experience in the treasury board can say that these supplementary items are treated entirely separately and distinctly in the statute from the main items, then I think our argument falls to the ground. But if, as I believe to be the case, in the appropriation act they are lumped together as a single vote for the purpose of building these public buildings and it is competent to the executive —not to the minister, I agree but to treasury board—to transfer the amounts within these from one to the other, I submit there could be no possible ground for arguing that we cannot ask questions about any of the listed projects in this year's estimates for the province of Quebec.

Mr. Green: What the treasury board might or might not be able to do I cannot say, but to follow the argument of the hon. member for Bonavista-Twillingate to its logical conclusion would mean, if he is right, that whenever estimates are brought in such as these further supplementary estimates there could be a repetition of the discussion which took place at an earlier time, which would be an unbusinesslike and fantastic procedure. The test is: this is a vote for money to build four buildings, and the discussion should be confined to those four buildings.

Mr. Pickersgill: I am going to make one request of the minister. I am going to request the minister that he should not ask the Chair to rule on this point but that he should get a legal opinion on the point I have raised. We do not intend to pursue the matter any further at this time in view of the objection of the minister but we do think that the rights of the committee of supply are so important that he should get an opinion as to whether the minister is or I am right on this question, and if the minister is prepared to do that we are prepared to let this go through.

Mr. Green: The point I am interested in is whether or not it is in order to discuss the printing bureau on this item and I have made my submission to the Chair that it is not in order.

Mr. Pickersgill: But I have raised the point —and in as conciliatory a manner as I could— that these projects are all lumped together and, therefore, that they constitute one item and that if the executive asks for more money for buildings in a province it is open to us to discuss any of the buildings in the province to which that amount might be applied. The minister does not think that is correct, but neither of us is sure of his ground—

Mr. Green: I am perfectly sure of my ground and I have asked the chairman to rule on that point.

Mr. Pickersgill: I have asked the hon. gentleman if he will ask the chairman to reserve his judgment, in which case we will pass the item because I would prefer not to have a ruling on that important question without knowing—

If the minister will withdraw his request for a ruling, we will pass the item.

Mr. Green: As long as the item is passed, I do not want a ruling and I will not insist on a ruling.

Mr. Benidickson: I agree with my hon. friend from Bonavista-Twillingate, and I point out to the committee that one of the things we are talking about, the second point, is the right of the treasury board and the government to have transferability within a certain item. In the main estimates there is an item of $400,000 for the national printing bureau and our concern was whether or not the right of transferability within a provincial item would extend to a further appropriation by vote in the committee of supply in the further supplementary estimates such as we are discussing now, and the supplementary estimates, neither of which refer, of course, to an item for the printing bureau. The minister, by reason of our votes, is given a total sum of money to spend within the province of Quebec on the construction of public works. I quite agree that this is an important question and one that I do not recall has been raised in any detail in the past, but my understanding is that there is a great deal of freedom once a vote is made at any stage for provincial public works construction. If it is found that one building can go ahead faster than another there is an opportunity for the department to go to the treasury board and say: we think we would prefer to spend it this way; we are still within the province and we are still within the vote and we ask you to approve that it be transferred from, say, Quebec, to Hull, because the Hull project is proceeding faster than the Quebec project prior to the end of the fiscal year.

I think this is a very important question because there are related to it not only this question of transferability within votes in the main estimates and the various supplementary estimates but, of course, the opportunity to have debate in committee of supply in consequence.

My colleagues have suggested that we are not going to press this at the moment, but I think that when the minister comes next

before the committee of supply this is something about which he should have a very firm opinion.

Item agreed to.

679. Saskatchewan, $30,000.

Mr. Rapp: Mr. Chairman, may I take this opportunity on behalf of the residents of Watson and district and myself to express our gratitude to the Minister of Public Works for including in the supplementary estimates the sum of $30,000 for a new post office in Watson. This public project is long overdue and anybody who has ever seen the old post office will agree with me in what I have just said namely, that it is long overdue.

The town of Watson has a population of just over 1,000 and serves a district of approximately 20 miles in radius. Two highways go through the town of Watson and two railroads. It is a prosperous district and the people are extremely thrifty. According to the royal commission on agriculture and rural life, Watson is a town that is classified as a service centre.

To be classified as a service centre it must be a certain distance away from cities and towns. It must have facilities to give adequate service to the town and district residents. Watson can fill these requirements adequately. The closest town is located 30 miles away and the closest city about 100 miles.

Watson has a hospital, physicians, dentists, barristers, a local newspaper, theatre, bank and churches of many denominations. The town has retail facilities including clothing, household appliances, drugs, apparel and accessory stores, furniture and liquor stores. Indeed, it provides the urban and rural population with a high level of service and entertainment.

It is a fast expanding town, as just last year four gas service stations established themselves there and the Saskatchewan department of highways built a storage shed and has a service branch in this centre. All this is an indication, Mr. Chairman, that Watson is justified in obtaining a new post office to give a better service to its people.

The new post office is going to have 1,000 foot working space. Although we were desirous of 1,200 feet, nevertheless we are grateful to the minister for the proposed new building with provision to enlarge if the need arises in future.

I sincerely hope that in due course he will give consideration to other public projects in my constituency which we feel are urgently required and in many cases overdue. On behalf of Watson and district I would like the house to approve the estimates before us for a new post office in Watson, Saskatchewan.

Item agreed to.

[Mr. Benidickson.]

Acquisition, construction and improvements of harbours and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

682. Newfoundland, $269,500.

Mr. Carter: Mr. Chairman, I want to thank the minister for the provisions made for Newfoundland and particularly for my own riding under this vote. I wish also to make one final appeal to him on behalf of the settlement of Seal Cove in Fortune bay. As I pointed out earlier, this is one of the larger fishing settlements in my riding with a population of about 500 people and a fishing population of approximately 85 or 90 fishermen. These fishermen were forced to leave the fishery years ago because the harbour had deteriorated to the point where they could not carry on the fishery successfully. Subsequently they found employment in the woods but that employment is no longer available and the people of this community are now forced to return to the fishery as the sole means of livelihood. They cannot carry on this occupation unless some dredging is done.

I have had a great deal of discussion with departmental officials concerning this question and I know it poses a dilemma for the department because the only way in which the harbour can be dredged at the present time is by hand dredging. I know we will all agree that hand dredging is not the most economical way of approaching this kind of job. On the other hand, if hand dredging is not done then the harbour cannot be made suitable for fishing for at least two or three years. This will mean the people of this settlement will have to accept able bodied relief for at least two years. There is a choice between two alternatives neither of which is very appealing. I urge the minister to take another look at this and see what can be done to make this harbour useable by the fishermen at the earliest possible date.

Mr. Green: Mr. Chairman, the difficulty here is that we cannot get a bulldozer into Seal Cove. The departmental officials are of the opinion that hand dredging would not do the work properly and so the intention is to do some work at Hermitage and then land a bulldozer there from the sea. Apparently it could be taken from Hermitage to Seal Cove by road. We hope to get that done next spring.

Mr. Carter: I understand that perfectly, Mr. Chairman, but what I was trying to point out to the minister is that if this course is

followed it will be a year at least before the bulldozer could be landed at Hermitage. That would mean the fishermen would not be able to carry on the fishery for a year or more. Then there is the problem of getting the bulldozer from Hermitage to Seal Cove which might take another year. There is the possibility of a delay of two years or more before the fishermen in that settlement could carry on the fishery. That is the urgency of my appeal.

Mr. Green: We are very sympathetic to the hon. member's request but evidently it is simply a matter of what can and what cannot be done. We believe we can get this work done within a year.

Mr. Pickersgill: Mr. Chairman, on behalf of the people of Davidsville, Hare Bay—Bonavista Bay—and Musgravetown I wish to express the appreciation I know they will feel to the minister and his department for what his department is doing.

Item agreed to.

686. Ontario, $188,000.

Mr. Nixon: Mr. Chairman, on behalf of the people in the Montreal river harbour area north of Sault Ste. Marie I want to express appreciation for what the department did up there this past summer in making a new entrance to the harbour. I should like to remind the minister, however, that unless some cribbing is done to protect the entrance it will fill in. The gravel is washing away now on one side of the entrance. I believe it would be wise if the minister would have an engineer investigate the situation as soon as possible. I was there last week and saw what was happening. For very little money we could save the work that has already been done. I believe it would be worth while doing so.

Mr. Green: I am grateful to the hon. member for making this suggestion. We will have an engineer sent in right away.

Mr. Nixon: Thank you very much.

Mr. Benidickson: Mr. Chairman, I rise with a great deal of trepidation. I very much fear the Minister of Public Works particularly after the remark he made in an earlier debate this session when he suggested that the results with respect to requests made of him were very likely to be in reverse proportion to the amount of speaking one did formally in the House of Commons. I have that very much in mind and I want to assure him he has me very frightened notwithstanding our personal friendship.

I was very pleased to have a decision from the minister with respect to the placing of what I call a ramp or an apron on the shoreline of the public wharf at Fort Frances which will facilitate the launching of the hundreds—yes, even thousands—of boats that are being trailed today by tourists going up and down our highways. This type of provision is not new. It really came to my attention because one of my colleagues, the hon. member for Nipissing, has been able to obtain such a concession from the minister's predecessor. I had been asking for this kind of thing for some time but I guess I was not a good enough salesman.

I know the minister has travelled the trans-Canada highway which is under his jurisdiction and he will have noted as I have noted just how important this kind of thing is because alongside most of our public wharves we have a few feet of public leased land, probably leased from the provinces or at least there is a short space of land there. With very little expense a concrete base could be constructed to prevent the automobiles and trailers from getting bogged down when they back up to launch boats from which they want to enter a lake and do some fishing.

From the federal point of view the government has some doubt as to the responsibility because of the interest of the provinces in the tourist business as well, but having regard to the fact that the tourist industry may be the third or fourth most important source of revenue from the United States and without being extravagant in these matters, modest aprons or ramps could be provided alongside many of our wharves particularly in northern Ontario. I believe it is only proper that the federal government should do it in consequence of the value the government of Canada receives from the exchange position that is created by United States tourist trade.

Mr. Green: I had the opportunity of visiting Fort Frances about a year ago. It is a delightful town with very pleasant surroundings. We are planning to do this work at Fort Frances as soon as there is low water.

Mr. Benidickson: Mr. Chairman, I want to remind the minister that even before Fort Frances, I had urged the department—and probably even his predecessor two years ago—that similar provisions be made at Sioux Lookout, Kenora and indeed at most of the wharves in northern Ontario. In my opinion it is a facility that could be provided costing not more than $1,000 at each place. It would be very much to the advantage of our tourist industry.

Mr. Green: Another ramp is being put in at Kenora. The hon. member must not press

us too hard because we have had a great many things requested by the hon. member for Bonavista-Twillingate.

Mr. Benidickson: I remember his big speech.

Mr. Pickersgill: It made a good beginning.

Item agreed to.

687. British Columbia and Yukon, $251,500.

Mr. Herridge: I see that $21,000 of this vote is for a proposed breakwater at Okanagan Landing which I am sure is very necessary. Can the minister inform the committee what the breakwater is intended to protect and whether there was any particular organization interested in securing this breakwater at Okanagan Landing?

Mr. Green: As I recall it, requests were made from different bodies in Vernon, including the boat club or yacht club. I do not remember the exact name of the organization. In building those projects we always take account of the number of tourists who will be making use of them. A great many tourists are now using small boats from Okanagan Landing. Also, there is considerable danger in a south wind. The departmental officials decided that the request for a breakwater there was in order and that this work should be done. I expect the hon. member will be pleased to know—he already knows it—that we are going to put in a ramp at Boswell in Kootenay West.

Mr. Herridge: I am pleased with that and I know the residents are; but on this vote I do want to bring to the minister's attention the fact that an identical situation exists in the community called Nakusp in my constituency where many United States tourists use small boats, and the bay suffers from a south wind.

Item agreed to.

Dredging—

689. Construction or acquisition of plant and equipment—further amount required, $250,000.

Mr. Chevrier: Will the minister tell us what kind of dredging equipment is being constructed or purchased by the department?

Mr. Green: This vote of $250,000 provides for the construction or acquisition of new equipment to augment the present fleet, or replace existing worn-out plant, such as dredges, tugs and so forth, required to maintain departmental dredging across Canada. This particular item provides $125,000 for Prince Edward Island—

Mr. Chevrier: May I simplify the matter? This is really not what I wanted to know. Does the department do its own dredging with its own fleet of dredges, or is it done by contract? Is this item for the purpose of purchasing a dredge?

Mr. Green: The department does some of its own dredging and does some by contract. We believe, as the previous government did, that it is essential that the department should be able to do some of its dredging for one reason, namely to check on costs of the work done by the dredges which are privately owned. The sum of $50,000 of this vote is towards replacement of dredge No. 14 in Prince Edward Island; $25,000 is toward a new tug in Prince Edward Island; $50,000, alterations to dredge No. 12 in Prince Edward Island; $25,000 is for a five-drum hoist, dredge No. 201 on lake Winnipeg; and $100,000 is to provide for a contract to replace the *Essington,* which is a snag boat on the west coast.

Mr. Chevrier: What is the largest dredge owned by the department and where is it located?

Mr. Green: The largest dredge is one on the west coast; it was built within the last two years and is No. 203.

Item agreed to.

690. Maintenance and operation of graving docks, locks and dams—further amount required, $52,625.

Mr. Chevrier: Can the minister tell me whether any of this is for a graving dock in Montreal?

Mr. Green: The sum of $40,175 of this vote is for the Champlain drydock and $6,950 for the Lorne drydock, both in the province of Quebec, and $5,500 for concrete walls at the Champlain graving dock.

Item agreed to.

General—

691. Miscellaneous works not otherwise provided for: a maximum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000 in the case of any one building construction project—further amount required, $400,000.

Mr. Pearson: May I bring up a work under miscellaneous works which is certainly not miscellaneous but very important and which I probably should have brought up under 667, but unfortunately I could not be in the committee at that time. It has to do with a federal building in Elliot Lake where the need, of course, as the minister knows, is very great. The site has at last been secured. I would like to impress on the minister the need for getting ahead with this building in this growing community.

Mr. Green: As the Leader of the Opposition said, there has been considerable difficulty in

obtaining a satisfactory site at Elliot Lake, but this problem has now been settled and we shall get ahead with the construction of the building just as rapidly as possible.

Mr. Pearson: I understand the services have been in a temporary building on the assumption that a new building would be constructed soon. I hope that construction will soon begin.

Mr. Green: We are pushing ahead with this building just as rapidly as possible.

Mr. Garland: May I inquire as to the status of the dock to be built at Lavigne, Ontario? The project was approved at least two years ago but it could not be proceeded with because of the relocation and the rebuilding of a road by the department of highways of Ontario. What is the status at the present time?

Mr. Green: Unfortunately, no provision is made for this project but I will have it checked at once.

Mr. Bourget: We are making good progress and I wonder whether the minister would not permit me to ask whether the figures put on *Hansard* on June 27 by the hon. member for Victoria are official. I assume he must have got them from the department. I am quite sure the minister has not got the figures here but I should like to know if these figures are official.

Mr. Green: Those were figures concerning the trans-Canada highway.

Mr. Bourget: I know.

Mr. Green: I have not had them checked but I will be glad to do so and then let the hon. member have an answer to his question.

Item agreed to.

Central Mortgage and Housing Corporation—

371. To provide for the expenses incurred in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence, $720,000.

Mr. Garland: Mr. Chairman, although the minister's estimates were originally called as far back as June 6, I believe, today is really the first opportunity we have had to discuss in a general way the very important subject of housing in this country. It is not my intention to be in any way provocative. Instead I hope to make a straightforward examination of some of the facts that may be useful. It is not my intention to oppose what is being done but rather to urge this government to do more.

I suppose no other field has been the cause of so much mutual appreciation by members of the government, and perhaps that is understandable to a degree, as when they refer to their selfstyled marvellous achievements in the field of housing. The minister has himself on numerous occasions referred to the record number of housing starts, but how much of this is really due to government action? It is that aspect with which I should like to deal.

Let us now look at the facts. When parliament met on May 12 government funds had been exhausted. The Prime Minister had promised during the campaign, at which time these funds were exhausted, that more funds would be made available. Here again is another example of the government's flair for publicity which we have dealt with earlier, and I have no objection. The throne speech debate was set aside because of the so-called urgency of the situation.

The government requested and received from parliament $350 million and with the passing of this legislation much credit was taken by the government for its efforts in housing. They praised themselves for the efforts achieved by their agency lending program. Yet only a few days after this legislation was rushed through parliament the government slammed the door on agency loans and took unto themselves new authority, through Central Mortgage and Housing Corporation, to enter directly into the loan field in the larger centres.

This dropping of the agency loan aspect and changing of policy caused many Canadians genuine concern. After all, people in the lower income brackets were having difficulty enough trying to arrange their financing. As I have said on earlier occasions, the lending institutions will prove to be even more selective when handling their own funds. This will cause extra hardship for the lower income borrower.

However, may I pursue the matter of the $350 million that was rushed through parliament. As I have said, only a few days later the government's policy was changed and they took the position of residual lender only. As early as June 5, Dr. Stewart Bates, president of Central Mortgage and Housing Corporation, had this to say on this subject:

> It is anticipated by the government that this $350 million will keep us going for a year or two, and that is why we have stopped the agency arrangement at this moment of time and we are standing merely on residual loans to take care of those who cannot be picked up elsewhere. At the moment, we are leaving it to the banks and other companies to carry the program. It may be that by next September housing may be petering off in a way that the government does not like. If there has been a good demand for housing, if there are no unsold houses in December, it might be a wise policy for them to produce some more houses next winter.

Now, my point is this. How can the government take full credit for a house building program that is being supported largely by the banks and other lending institutions? Of course, there is another version of this change in government policy. Perhaps the government is seeking more control in the field of housing. If this is true, then the government should say so. If they are seeking the use of public funds to control the number of starts made in a given period of time, then this attempt to control should be made known to the public.

Perhaps their change in policy is an attempt to hold back funds in order to assist during a future period of unemployment. I would not necessarily argue with that kind of a proposition but if this is government policy then I think they should say so.

However, regardless of the government's policies or lack of policies, the hard fact remains that the national housing legislation, desirable though it is, has been incapable of assisting 50 per cent of the Canadian people. Unfortunately, it is the 50 per cent of our Canadian wage earners who are in the medium and lower income brackets. We all recognize the splendid contribution made by the National Housing Act since its inception, but I think all will agree that it no longer does the job that was originally intended. While the top 50 per cent of the Canadian earning scale are being well looked after, the 50 per cent of our people in the lower half of the income scale are desperately in need of homes and it would seem that there is no relief in sight for them. In fact, the move is the other way. While the sizes and quality of homes grow each year to meet the popular demand from the top half, the accommodation and facilities in the lower half grow steadily worse. At this point I should like to quote very briefly from a story written by Harvey Hickey, a well-known press gallery correspondent, which appeared in the *Globe and Mail* and which emanated from committee meetings held in the other place. The headline reads: "Thinks All New Houses Over $20,000 Shortly", and the article goes on to say in part:

> The point is rapidly being reached where it will be impossible to build a house for less than $20,000 in the Toronto area, the Senate finance committee was told today. This statement was made by L. A. Rice, president of the Toronto metropolitan home builders association—

There is a desperate need for low rental housing. As was pointed out at a recent conference of Ontario housing authorities at Niagara Falls, of the existing stock of four million dwelling units one million are over 50 years old. Half of these are in need of major repairs. It was also pointed out that one family in eight does not have private accommodation and that many of our people are living in substandard homes.

I believe that emphasis should be placed on the low rental aspect of housing. I believe greater emphasis should be placed on the federal - provincial - municipal partnership basis, which would contribute to a greater degree to slum clearance and the rehabilitation of substandard dwellings. This is the kind of investment plan which would pay handsome dividends in the form of reduced welfare expenditures, public health, police and fire protection costs. I know the initiative for such a partnership should come from the municipalities but I would suggest that the federal authorities have a greater responsibility in bringing to the attention of the municipalities the economic benefits of such projects. With 50 per cent of our people sorely in need of better housing accommodation I suggest there is little room for complacency by the government.

We have heard several proposals in recent weeks. One was that the three levels of government, in co-operation, could acquire substandard dwellings before they fell into complete decay, rehabilitate them and lease them to those families in dire need of shelter at truly low rental figures. I would be interested to know what the government thinks of this proposition.

There is also the matter I raised in the house earlier this session, the proposition of making the financing of older homes easier. In other words, the government has been urged to take action to create a used house market as fluid as the used car market. I am wondering what the government's attitude is on this subject and if it feels this would assist families in the lower income brackets. I am sure that all of us recognize that financing of this kind is very difficult.

Many of our lower income people are forced to pay exorbitant rates of interest in an attempt to acquire even substandard accommodation. Most of us are aware of the hopeless plight of the low income borrower. He is at the mercy of every loan shark in his community, and is denied assistance through Central Mortgage and Housing Corporation because of a wage level barrier. I suggest this is not good enough for 1958, and I should like to know what the government intends to do about it.

I know it is not the responsibility of an opposition to outline policy for a government, but frankly our people are concerned about the apparent vacuum that seems to exist in so far as this government is concerned in the field of housing, and especially so soon after the election. The government must know that 50 per cent of our people are improperly housed and are unable to

improve their position through the facilities of the National Housing Act, as it is presently constituted. This is a fact. I just want to repeat that. The government knows 50 per cent of our people are improperly housed and are unable to improve their position through the facilities of the National Housing Act as it is presently constituted, yet they do very little.

I know that the government will be quick to say, but look at this new minimum house project. Well, let us look at it. If we take the minister's own words, this minimum house was designed primarily for erection in the less populated areas. While we all recognize the need for better housing in some of the more sparsely populated areas, it would seem doubtful if this minimum house will likely do much to improve the situation.

In reply to a question I put to the minister concerning Central Mortgage and Housing Corporation's attitude to this type of construction in the larger centres, the minister very properly pointed out that he doubted very much whether these homes could be built for this price in the larger centres. Therefore, it would seem evident from the minister's own statements on this subject that this minimum house project will do nothing to improve housing conditions generally, except in some rural areas.

Without being unduly critical of the government's minimum house or those who designed it, I doubt very much if its design and specifications will measure up to the desires or to the rightful ambitions of our rural population. I think it is a serious mistake for the government to assume that because people live in small communities they will be satisfied with second class accommodation. Since it is unlikely that this minimum house will meet the standards desired by our rural people and cannot, according to the minister, be built at the prices announced in urban areas, I know you will understand my hesitation at being overenthusiastic about the project at this time. However, we will be watching the acceptance of this unit in the next few months. I am sure it is the hope of all of us, and I underline this, that because of the unprecedented high cost of standard housing our people will not be forced into this minimum house construction.

Again, I do not want to be unkind or unfair, but I respectfully suggest that mass production of this minimum house, having regard for all the circumstances, could well develop into the slums of tomorrow. I would remind the minister that up to this point the corporation has a proud record of upgrading housing generally throughout Canada. While I do not wish to be critical of the government in this regard, I suggest that there are many other avenues open to them to ensure a steadier flow of housing in the future.

I should like to review very briefly some of these points. First, all of us are well aware of the lack of stability in the flow of mortgage funds in our respective communities. I do not believe you have any better example of this than what has transpired in the last few months. Last fall the private funds dried up and the government moved in. Then government funds were exhausted and the government promised more. The private lending institutions put money into the field. Then parliament met and more funds were approved. The government decided to cancel out their program for agency loans, and then the private institutions rushed in and since May they have been carrying the bulk of the load.

I suggest that that sort of indecision, that sort of lack of stability in providing mortgage funds in this country, does tend to have an upsetting effect. I know the government will be quick to point out the number of starts. There are many reasons to account for the number of starts. I suggest that one is the desire of all our people to have better housing, and a second is the willingness of private lending institutions, as I have shown here, to rush into the field during the last few months.

Now, I have often dealt with this subject in the house. I think it is a matter that should have most careful scrutiny by the government in order to make sure that the house construction industry can move ahead in an orderly fashion, secure in the knowledge that mortgage funds will be available. I am sure that hon. members from all parts of the house know of the reluctance of many of the lending institutions to make loans in this or that area in this or that year. Builders may well develop plans for a project, only to find the lending institutions have temporarily, and often without notice, changed their lending policies in that particular area. I sincerely believe there is a real need for a special study of this matter to ensure, as I said earlier, a steadier flow of mortgage funds for house construction.

While I am on the subject of mortgage funds, and again I do not wish to be unduly critical, may I suggest that the corporation should give consideration to finding ways and means of processing loans more expeditiously. I suppose there is not a member of this house who has not had complaints, especially from the small builders, concerning what seems to be a needlessly long delay in the cash advances to the builders. How many times have we heard them indicate their preference

for a project that was being financed through the regular financial institutions rather than through Central Mortgage and Housing Corporation? This preference resulted from the longer waiting period apparently required by the corporation to process these advances. The need for more expeditious processing becomes more apparent if the corporation is to continue playing a major role in financing.

Another point I should like to stress at this time is that the government could lower the down payment required and in this way assist in home construction. This, of course, only adds to the carrying charges and monthly payments but it does make it easier for many of our people to take their first step.

Then, too, the government could lower the interest rate. This would be a really worthwhile contribution towards lowering the cost of houses to our people. All of us remember the frequent outbursts of the present Minister of Finance when he was on this side of the house concerning interest rates. I am not going to delay the house by reading the minister's many comments concerning the sins of high interest rates. However, I suppose the government has become so involved with its own need for borrowing that it is afraid to lower the interest rates. Here again is proof of the fact that the public, that section of the public which can least afford it, has to pay for the folly of this free-spending government.

The government could lengthen the amortization period. The average life of a home, especially with the better care it is receiving today, is much longer than the 25-year amortization period. I think we have every reason to expect an increasing life for the homes being built today. Surely, it is necessary and desirable to lengthen this amortization period. The former government, on earlier occasions, did contribute to lengthening this period to its present 25 years through amendment to the National Housing Act, and also showed real leadership in lowering the downpayment provisions below what they used to be, as well as lowering the interest rates.

Our people are also genuinely concerned about this question of increasing land costs. I realize that one of the reasons for this increase in land costs is brought about by municipalities transferring what used to be their responsibility for bringing in the trunk sewers and other services, to the land developer. These costs are now being added to the price of the land and, naturally, find their way into the mortgage. Normally, these costs would be paid on the old standard local improvement basis through the municipality. So far as the home owner is concerned, he is not too disturbed. He pays off this additional amount over a 25-year period, rather than in the usually much shorter period under municipal financing.

However, there are many other factors that are contributing to the unusually high cost of serviced land throughout Canada, and it is to these problems that the government should be devoting their attention. Much greater use could be made of the section of the act that provides for land development on a joint co-operative basis, with the province and the municipality joining with the federal government, the latter paying 75 per cent of these costs. This legislation, where given effect, has proved very satisfactory, and I believe the government should be doing more in this field. Here again the initiative comes from the municipal or local level; but here again is an opportunity for the federal government to show leadership.

Another point I wish to make is this. The government could decrease the income requirements, thereby making the facilities of the National Housing Act legislation available to many more in the lower income categories. In this way, many of our people could make their own decision as to precisely the kind of obligations they would assume. I am sure that in the majority of cases their decision would be to buy a better home.

Mr. Chairman, there is much that could be done in the field of housing by this government. Why does it fail to act, in view of the very pressing needs of our people? Why does it choose to stand by and take credit for the house building program that is being instituted now, largely through the facilities of the lending institutions, and ignore the fact that 50 per cent of our people in the lower half of the income scale are improperly housed?

This is a time for bold and aggressive planning. This is a time for additional emphasis on research to find ways and means of, first, lowering the cost of housing and, second, making adequate housing facilities available to all of the Canadian people now in need. In its endeavours in this regard I am sure it will have the support of all hon. members in this chamber, regardless of party.

Mr. Green: Mr. Chairman, the hon. member for Nipissing is by nature cheerful and optimistic. I could not help feeling sorry for him as I noticed the sadness in his voice as he dealt with the housing situation in Canada today. I should hate to have him go back to North Bay in this terribly depressed frame of mind. Within the next 15 or 20 minutes I think I can make the world look infinitely better for him than it was when he rose to speak.

Whatever the faults of the government may have been, our housing policy has been one of our accomplishments of which we are extremely proud. Our only regret is that we have so little opportunity to tell the house and the Canadian people all about it. I would ask the hon. member, if he will, to think back to the situation a year ago or prior to June 10, 1957. Then he really had something about which to feel sad. Housing starts were falling off. Mortgage money was drying up. The house-building industry, which is Canada's largest, was heading for a depression. Thousands and thousands of builders across Canada would have been out of work last winter if something had not been done by the new government about this condition. Lumber mills would have been losing money and suppliers of other commodities would have been having an extremely difficult time if conditions had been allowed to continue as they were prior to June 10 of last year.

I am really surprised that the hon. member made the speech he has made today. His memory is extremely short. As everyone knows, within a few weeks of taking office the new government decided that something must be done to prevent a depression in the housebuilding industry and to help provide homes for those Canadians with modest incomes. We adopted the agency loan plan for small homes. There was available under the National Housing Act $150 million to be used on a new policy. We initiated the small homes loan plan. It was such a great success that last December we came back to the house and obtained an additional $150 million.

Mr. Garland: Will the minister permit a question?

Mr. Green: Yes.

Mr. Garland: Will the minister not admit that the only reason that it went so well was that the normal source of supply of funds had dried up?

Mr. Green: The normal source of supply had dried up before the Liberal government went out of power. They were doing absolutely nothing about the matter. We met this problem. As I pointed out, we provided an additional $150 million in December. By February that money had been going out so rapidly and houses had been started to such an extent across Canada in wintertime that we were obliged to stop loans for rental units during that month. By the time the new parliament assembled here in May practically all of the money had been used up. I have here the figures. By May $255,009,800 had been put out for small homes across Canada. Practically none of that money would have been spent and practically none of those homes would have been built if we had not adopted this small homes policy a year ago. It meant 26,030 units, small homes, for people with modest incomes.

We came to this new parliament during this session; one of the very first moves we made —I think it was within a week of the time the house assembled—was to bring in an amendment to the National Housing Act providing an additional $350 million in order that we could continue to encourage the construction of small homes. As of last week, $118,021,073 had been advanced. This is up to August 29. That amount was divided as follows. There was the matter of cleaning up the agency loan plan. Certain applications had been in when we ran out of money. We decided that it was only fair to enable those builders who had applied for money to get their loans from the funds that were voted in May. For that purpose $25,744,092 was advanced. That meant 2,163 additional small homes. Those are not rental units; those are small homes. In addition, for limited dividend companies which provide low rental units $21,304,281 has been advanced since May. That is infinitely more than had been advanced in a like period at any time since the National Housing Act became law. For our residual loans since May we have advanced $65,980,505. This is all since May of this year and the hon. member for Nipissing says we have been doing nothing— we have been sitting back and letting the housing situation deteriorate.

Now I am going to go to my prepared speech, Mr. Chairman. I am just a bit annoyed about the sadness with which the hon. member for Nipissing approached this problem. Before I get down to the speech which I have to read I may say that between January 1 and August 31 of this year $26,296,476 has been lent under the limited dividend schemes which is over $10 million more than was put out in the same time last year. I should also like to point out another fact which will cheer the hon. member, that loans in small centres in which he is particularly interested, from January 1 to July 31 loans have been made in respect of 14,581 units as against 7,531 units in 1957 and that in the month of July 1958 there were 1,000 more loans granted in small centres than there were in July 1957. These figures are going to be even more impressive in the future because we have a campaign going on to push these loans in the small centres, and every week these loans are increasing; by the time the hon. member gets back here next January we will be able to cheer him up even more on this particular point. And

now to get down to this speech, because it explains what is going to happen from now on.

On May 20 of this year, by amendment to section 22 of the National Housing Act, parliament voted additional funds in an amount of $350 million for new housing through the direct lending programs of Central Mortgage and Housing Corporation. By the way, we were in indirect lending under our agency plan—it was our money that was going out through the offices of the banks and the lending institutions—now we are dealing direct with borrowers. The corporation was instructed to make direct residual loans on small homes to qualified applicants who are unsuccessful in obtaining loans from approved lenders. We then deliberately put ourselves in a residual position because we did not want to take over the business of providing all the mortgage money needed to build homes in Canada. This is the job of the lending institutions, and we have deliberately put ourselves into a residual position. Under the present policies, these loans are made as follows:

(a) To prospective home owners for small homes. Refusal letters from two approved lenders must be obtained if the property is in an area having a population in excess of 55,000. One refusal letter is required in other areas.

(b) To merchant builders for small homes, provided that the aggregate of direct loans since September, 1957 does not exceed 25 dwelling units. We put that limit on last summer that no builder could get more than 25 units, the idea being to spread the money out across the country and to as many different builders as possible and in particular to help smaller builders. The builder must obtain a refusal letter from each of two approved lenders that could normally be expected to make loans in the area. This is the plan under which the builders have been working from May until today.

(c) To limited-dividend corporation for low rental housing. Apart from these, direct loans are not available for rental housing. We believe in these limited dividend corporation houses. That is the way to get the cheapest rents and therefore to help people with the least money. They are particularly beneficial where a service club or a church forms a limited dividend corporation for this purpose.

The statistics of these residual loans which I have given to the house from time to time indicate clearly that there is a demand for National Housing Act financing of the smaller house, and it is the smaller house in which this government is interested.

[Mr. Green.]

Between May 20 and August 31 of this year the corporation has made 8,302 loans for small homes in an amount of $91.7 million including the balance of agency loans. This total comprises 1,593 loans for $16.6 million to home owners in communities of 55,000 population and under; 784 loans for $8.4 million to home owners in centres of more than 55,000 population; and 5,925 loans for $66.7 million to builders in all areas. These were builders who had not previously used their quota of 25 mortgages.

In addition, from January 1 to August 31, 1958 the corporation made 33 limited-dividend loans comprising 3,325 units in an amount of $26.3 million. Of these totals, nine loans for 646 units in an amount of $5 million were approved prior to May 20. The balance, or 24 loans for 2,679 units in an amount of $21.3 million, have been made since that date.

At the same time approved lenders have almost doubled their insured lending under the act and they are expected to continue to lend at a high rate for the remainder of the year. These are the approved lenders, making regular insured N.H.A. loans. During the 35 weeks ended August 31 approved lenders made 33,285 insured loans in an amount of $391.3 million. This volume compares with 18,743 loans for $212 million in the same period last year. Almost doubled, the committee will note, and these are the loans made by the lending institutions quite apart from the small home loan plan of the government. The 1958 aggregate of all loans—insured and direct—approved under the National Housing Act to August 31 represents 54,916 units, which is more than double the number financed in the same period last year. Indeed, the total in 1958 to date exceeds the volume for the whole of 1957.

Taking into consideration these activities for which there is federal sponsorship or federal participation together with the normal flow of residential construction outside the National Housing Act I am convinced that total starts in 1958 will be of the order of 150,000 units. I believe that as a result of the policy I am announcing in a few minutes that might reach 160,000. Even 150,000 would constitute a record year and compares with the previous record of 138,276 starts in 1955—the highest to date—127,311 starts in 1956 and 122,340 starts in 1957. This means that there will probably be 30,000 more housing starts in 1958 than there were in 1957. That, I can assure my hon. friend, is largely due to the way in which this government has handled the housing problem. We also expect completions, as distinct from starts, to reach approximately 150,000 units which again would be a record.

Because residual loans are restricted to small, basic houses—for example, a 3-bedroom bungalow is limited to 1,050 square feet—they are making a particularly valuable contribution to families of lower incomes. This is borne out by the most recent comparison of insured loans by approved lenders and direct loans by Central Mortgage and Housing Corporation for the period January 1 to June 30, 1958.

Mr. Chairman, may I have permission to have printed in *Hansard* a table setting out figures for the average income, cost, loan and down payment for insured and direct loans.

The Chairman: Has the minister unanimous consent for the publication of this table in *Hansard*?

Some hon. Members: Agreed.

Mr. Green: Mr. Chairman, the table is as follows:

	Insured loans	Direct loans	Per cent decrease
Average income ..	$ 6,148	$ 5,153	16.2
Average cost	15,453	13,402	13.3
Average loan	11,725	11,028	5.9
Average down payment	3,723	2,374	36.3

The hon. member mentioned that he would like to see the down payments decreased still further. I would be delighted to do that if I thought it were feasible. We did decrease the down payments in December. It will be observed that the average down payment under insured loans was $3,728 and the average down payment under direct loans was $2,374, a difference of approximately $1,400.

Commitments under section 22 of the National Housing Act from March 1954 to August 31 of this year total $505.9 million. Doubt has been expressed in some quarters that a new housing program of this magnitude could easily and quickly be absorbed into our economy. We have had to watch all the time to ensure that we did not break the market for small homes and did not assist in the construction of more homes than could be sold. This is something that my hon. friend as a businessman will realize has to be watched by the government. These doubts are dissipated, however, by statistics on completed and unsold houses which show that although completions are some 10,000 units higher than last year at the same time, completed and unsold dwellings were 2,028 in July or 8 per cent lower than in July, 1957.

I believe hon. members will agree that this adds up to a most encouraging picture. The government's actions have given a new and vigorous fillip to the housebuilding industry. Canadian families with lower incomes have been enabled to obtain their own new homes and, of paramount importance, the heavy volume of new house construction has had a tremendous impact upon the employment situation.

I do not think any Canadian will dispute that the small home policy of this government has meant thousands and thousands of jobs in the last year in Canada.

We are naturally pleased with the results. However, the government wishes to ensure that a supply of mortgage money adequate to maintain employment in the construction of small homes is available in the months ahead. The direct lending programs for homeowners and for limited dividend rental housing will, of course, continue and I am happy to inform the committee that as far as builder loans are concerned—and the merchant builders are the ones who are able to build a lot of houses quickly and that is what is needed to help create employment in the winter—an additional allotment of 25 residual loans will be made available to merchant builders, effective immediately. To be considered, completed and signed applications must be received by Central Mortgage and Housing Corporation prior to December 31, 1958.

Many house builders and particularly the larger ones exhausted their allotment of 25 direct loans last winter. The government is acting to provide new quotas at this time so that builders in areas where demand is buoyant will not be delayed because of a lack of mortgage funds and will be able to proceed with another winter's operations.

The present quota of 25 to a builder will lapse. In other words, a builder who did not take advantage of the first allotment may now use only the second quota of 25. Similarly, if a builder has used ten of his original 25, he may now obtain only a total of 25, not 40. And if a builder has already used his full 25, he is still entitled only to an additional 25.

I must emphasize that this is a residual or backstop lending operation and is directed only toward the small home. I should also point out that the "minimum house" I announced to the house last week is only one type of dwelling unit that may be financed under the government's small home loan program. In other words, the financing arrangements I have been discussing today are not limited to minimum houses but may include others, provided the designs conform to the requirements already laid down as to floor area.

There are two other points. Previously, builders could qualify only if they had been engaged in house construction as merchant builders prior to September, 1957. Under the revised policy, builders may be admitted who

operated for the first time subsequent to that time but prior to September 1, 1958.

Secondly, a builder will not receive direct loans if, at the time of application, he has more than five completed but unsold units comprising both insured and direct loans. The purpose of this restriction is, of course, to avoid direct lending to builders who have no market for their product.

Mr. Chairman, there can be no question of the impact already made by the government's actions in supplementing the flow of mortgage funds. We are equally certain that the current program, stimulated by this additional allotment of 25 loans to a builder, will ensure the construction of small homes in those areas where they are required and will, furthermore, make a vital contribution to the employment picture in Canada during the ensuing winter months.

Mr. Fisher: Mr. Chairman, I have three separate questions to ask the minister. Before doing so I should like to congratulate him on the move he has just announced. It sounds as though it may be of considerable assistance with respect to unemployment this winter at least in certain areas of which I can think.

The minister indicated six or seven weeks ago that he might make a statement on his estimates on a matter which was the cause of some controversy that raged several months ago, about the relative efficiency of the employees working for Central Mortgage and Housing Corporation as compared with standard civil servants. This will be the subject of my first question. The minister is in charge of both a department that engages stock civil servants and Central Mortgage and Housing Corporation. We would appreciate very much having his opinion on the subject of the controversy that raged at that time. We would also like to hear his views about some of the suggestions that were made to the effect that the Central Mortgage and Housing Corporation employees should be brought under the civil service commission. I do not ask this question in an attempt to drag up a subject with which the minister perhaps does not want to deal.

Since the original controversy there has been quite a lot of talk going around in Ottawa. I have heard many pros and cons from civil servants and other people in the community. In a sense it is almost an Ottawa problem. I have heard some civil servants say some very biting things about the actual working conditions in Central Mortgage and Housing Corporation that would tend to ridicule the efficiency about which the director was so proud when he was before the committee in the other place. There must be another side to it. We would like to hear from the minister now.

[Mr. Green.]

Mr. Green: Mr. Chairman, I have been minister for only a little over a year but my experience has been that both the Central Mortgage and Housing Corporation and the Department of Public Works are extremely efficient. The corporation like, I think, most other crown corporations, is set up on a business organization basis and for that reason quite a few of its practices are different from those of a department. This is just one example of the faculty of Canadian people for working out a common-sense method of doing their business. A great deal of the publicity given in the press was sensational headline publicity and deserved to be considered as such. I have here the whole story about Central Mortgage and Housing Corporation. From the peak of the staff employment in July 1956, when they had 2,369 people employed, to the end of April 1958, when they had 1,889 people employed, there had been a staff reduction amounting to 480 persons. At no time were there any mass dismissal or other such method used in reducing the staff. The reasons for the reduction were entirely those of greater efficiency and a change in the emphasis on the corporation's activities and the low trough of loan activities which occurred during the period from July 1956 to midsummer 1957. My memo does not say June 10, 1957 but it does say to the midsummer of 1957.

The staff reduction of 480 consisted of only 178 actual terminations owing to reductions in the establishment of various offices. This reduction of 178 took place over a period of 18 months, but the major portion was effected during the spring of 1957; for example, 118 in February 1957; 34 in April 1957; seven in March; and six in May. At the same time, during that same period, an additional 75 persons who had been hired did not complete their probationary period satisfactorily and consequently had their employment terminated. Then, there were 227 people who voluntarily resigned and were not replaced, so that the summary of the 480 works out in this way: employment terminated owing to establishment reduction, 178; employment terminated at the end of the probationary period, 75; voluntary resignations which were not replaced, 227; a total of 480.

The officials of the corporation point out that because of the drop in loan activity they would have been justified in dispensing with superfluous staff in the late months of 1956, but they did not do that because of the difficulty of obtaining employment. They kept the people on until the next spring.

As far as grading and salaries are concerned, the corporation endeavours to be as nearly as possible on the same basis as a

government department. In other words, it follows the pattern set down by the civil service commission. This, indeed, is the story, and I must say that I do not believe either the Central Mortgage and Housing Corporation, the civil service commission or the department deserves very much criticism. I think they are each doing a very good job in their own field.

Mr. Fisher: Before we leave this I would like to remind the minister that the original sensational charges were triggered by members of his own party.

One of the questions I would like to direct to the minister relates to the tremendously increased activity that he is talking about. I am sure it has to be true because of the figures. Is that being done without any increase in the staff of Central Mortgage and Housing Corporation?

Mr. Green: I am advised that with the additional loan impact total of 1957 that this year it has been necessary to take on temporary help to the number of about 120 this summer in order to substitute for employees on vacation. The corporation really has done a magnificent job in handling this small home loan plan.

Mr. Fisher: Is any consideration being given at this time to the proposition that has been mentioned in the house before, especially by Mr. Speaker when he was a private member, namely the question of the activities of Central Mortgage and Housing Corporation being directed toward construction or supporting the construction of university residences? I raise this matter because there has been some criticism, and also some support, of the fact that in its grants the Canada Council has given a considerable amount of money to universities for residential construction. This is all very good, but I have seen it suggested in several newspapers that such grants would not be necessary if there was some scheme such as Mr. Speaker advocated several years ago. Has the minister anything to say on that?

Mr. Green: This is one of the possible changes which is still under consideration. The Senate committee which investigated Central Mortgage and Housing Corporation recommended against any such policy being adopted.

Mr. Fisher: Because the Senate committee recommended against it I hope that is not the last word, Mr. Chairman.

My final question relates to the low cost homes which the minister announced. I am very intrigued with the plan. I hope one or two other plans will be developed within the same price range although I imagine in this particular plan there will be quite a number of adaptations. What I am asking really supports the point made by the member of the Liberal party who spoke and sort of asked or prayed that the government would try to give leadership in those smaller communities. I am thinking of the communities of 1,500 to 2,000 people where there are no lending institutions and quite often the builders have to go to larger communities nearby. I am thinking of it specifically in terms of my own constituency and of 10 or 15 communities where the office is a great distance away. I think of a place like Hornepayne which is some 380 miles away from Fort William. How is the corporation planning to link up with those small communities?

This is such a worth-while scheme and yet I am afraid it may founder on some of the doubts expressed by the hon. member who just spoke. How are you going to sell this plan in the smaller communities? I know that the minister challenged members to get out and do something about it and I hope to do so, but I would feel that it would have a much greater chance of success if there were a couple more field men operating in these smaller communities. I might point out to the minister that in my constituency is over one-third of all of Ontario and the office is tucked off in one corner in Fort William, not actually in my constituency. I do not think it is asking for too much, in relation to these small towns spread out to the eastward for over 300 miles, that there be some effort to cover them with field men in connection with these low cost homes. The nearest centres to the east are North Bay and Sudbury, a considerable distance away.

Mr. Green: Officials of the corporation are working on two additional sets of plans for these very low priced homes and it is expected that they will be ready in about a month. In addition, there are several practising architects working on similar plans. As I explained in the house some weeks ago, we have written to the mayor or reeve of every centre in Canada with a population of 1,500 or over pointing out the availability of the loans and the services that the corporation can render. In addition, we are willing to send a representative of the corporation to any municipality which wishes to have that done. There have been quite a few requests already for a visit of this type and the corporation is very glad to carry on that work. If additional field men are required we will see that they are engaged. We are very anxious to have the housing program used to a much wider extent than it has been in the smaller centres of Canada.

Mr. Argue: Mr. Chairman, this move by the government is very worth-while and I am hoping it will result in improved housing in small communities and also in rural areas throughout the country. We often hear it said that in certain large centres there are slum housing conditions. As one travels across the country one sees, no matter in what province, many rural homes that are in a very serious state which could well be described as slum conditions.

The national conference on winter employment was held in Ottawa some weeks ago and we have been looking forward to receiving the report of the conference. The report was promised yesterday by the Minister of Labour and has now been filed with the sessional papers office. I had understood that the report was to contain conclusions. It is not really a report of conclusions but merely a summary of proceedings. I was able to have the report in my own hands some days prior to it being tabled in the house and therefore I know that it does not arrive at any conclusions and is not the type of report I had in mind. But I am wondering whether the government has considered any incentives to endeavour to have as many houses as possible proceeded with during the winter months.

Mr. Green: I outlined the government's policy in that regard while the hon. member was out of the house.

Mr. Argue: I am very sorry. Would the minister be able to say whether there are particular incentives for companies engaging in winter construction? I do not mean only the fact that this program is now available and it is hoped that many of these houses will be built in the winter. Are there particular incentives along the lines suggested in the report of the conference which would encourage builders to construct homes during the winter months? The minister is quite right that I was out of the house when he referred to this particular feature.

Mr. Green: There is great incentive in the new policy because loans are only available up to December 31; also setting the number at 25 means that a builder can borrow money from Central Mortgage and Housing Corporation up to approximately $250,000. We believe that this change in our small homes plan will result in the construction of a large number of homes during the winter. The work has to be started within a certain number of days after the application is made. The policy is deliberately designed so that the money must be used to build during the winter months. We had great co-operation from builders last year. It was largely because of the way in which they entered into the spirit of the plan for building these small homes in the winter time that the plan announced last August was so successful.

Mr. Argue: I am very pleased to hear that comment from the minister. Can he give the committee any indication at all as to how successful he thinks this plan will be in preventing what is sometimes called the normal or regular rise in unemployment in winter months? I notice that in the report of the conference the figure of 140,000 is used as being the additional number of persons who are unemployed during the winter months. Does the minister feel that the 140,000 can be wiped out entirely or reduced by half? Just how far does he think this very worth-while and important program he has been speaking about will be successful in reducing the figure of 140,000?

Mr. Green: This change in the plan should mean an additional 10,000 housing units being built during the winter months. If it does, that would call for about 40,000 men working directly on building. In addition, of course, there are the people who get employment making furniture and all the other items that are required to establish a home. No one can say just how many people will be engaged but we believe that this will be a great help as it was last winter and, as a matter of fact, as it has been all summer. The housebuilding industry in Canada, which is among the largest industries in the nation, has already had a tremendous year, the best year in its history. It may be that there will be 160,000 starts in Canada this year. I am not guaranteeing that but it just may happen.

Mr. Argue: The minister has made a very interesting statement and the figures he has quoted are undoubtedly impressive. If he could discuss with some of his colleagues in the cabinet an appropriate program for each of the departments which would go a substantial way toward reducing unemployment we might have a much better winter ahead than is now in prospect. The minister has stated what his department has done to help maintain the employment level that existed last winter and this summer. However, in spite of the good showing in home-building and in housing starts, as the minister knows very well, unemployment has been an exceedingly serious matter. I do not wish to detract from the value of the work the minister has undertaken, but merely express the hope that what is being accomplished in his department may be accomplished in other departments so that this very difficult question of winter unemployment may be solved.

Mr. Chairman, I shall tell you in advance that I am probably out of order. However,

I think it would be very wise if the Minister of Public Works could get the Minister of Labour in a little higher gear than he apparently seems to be. This house has had no report as yet from this conference on winter unemployment which was held on July 14 and 15. We have had no recommendations. It seems a reflection on parliament itself that at this very late date, almost two months after the conference was held, we merely get the proceedings of this conference tabled in this house.

Mr. Garland: I trust the minister was not too disturbed by my remarks.

Mr. Fisher: He likes people who whine.

Mr. Green: The hon. member is more cheerful already.

Mr. Garland: As I mentioned, I was not attempting to criticize but rather to urge the government to do more. Perhaps the minister did not hear my remarks in that connection. I noticed that the minister in dealing with this subject did not depart too far from his prepared text. So far as the announcement of the new policy being extended until December 31 of this year is concerned, and having regard to the continuing need for housing as well as the need for creating new jobs, we welcome it very much.

Mr. Fisher: One of the hon. members of the house most friendly to the minister's party placed the following resolution on the order paper earlier this session:

That in the opinion of this house, the government should take into consideration the advisability of constructing suitable living quarters to provide accommodation, at reasonable rental rates, for non-resident members during the sessions.

I wonder if the government has given any consideration to that through its agency Central Mortgage and Housing Corporation?

Mr. Green: We are really a great deal more interested in housing Canadians than members of parliament, Mr. Chairman.

Mr. Garland: I wonder if the minister has given some thought—we all recognize the excellent job Central Mortgage and Housing Corporation are doing—to finding some way of shortening the long waiting period for cash advances. I think most of us who have had anything to do with building are aware of this long waiting period which is a hardship to the smaller builder.

Mr. Green: I would be glad to look into that. As a matter of fact, it takes an average of just five days to process a loan. This is very fast work but there may be some way in which we can speed up the actual advance of the money.

Mr. Garland: Perhaps the minister misunderstood me. I am talking about cash advances, and I am not discussing the original approval of the loan. It is not in that connection. It is getting the money into the hands of the smaller builder faster.

Mr. Green: Apparently there is no delay once the title to the property is cleared. However, we shall be glad to look into the hon. member's suggestion.

Mr. Garland: I think anyone who has had anything to do with this in a practical way knows that there is a long period of time which elapses. The big builder is able to take care of himself, but for a smaller builder who is building perhaps half a dozen or a dozen homes, it is a very real hardship.

Item agreed to.

The Chairman: This terminates the estimates of the Department of Public Works.

POST OFFICE DEPARTMENT

305. Operations—Including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, including administration, and to authorize the re-appointment, effective the 16th day of September, 1955, of G. V. H. Christiaenssens as a postal clerk 2 in the Magog post office, at a salary of $2,700 per annum for the period from the 16th day of September, 1955, to the 31st day of March, 1956, and at a salary of $2,940 per annum for the period from the 1st day of April, 1956, to the 30th day of April, 1957, $101,387,706.

(Translation):

Mr. Caron: Mr. Chairman, on August 1 last, I asked the Postmaster General (Mr. Hamilton) if he had received a petition protesting against the closing of the Fabre Station post office, which was established 33 years ago. Although the petition was not signed by all local residents, it was signed at least by the great majority of them. At that time, the minister replied in the affirmative.

In order to refresh his memory, I take the liberty of pointing out certain details in this connection. On behalf of the 29 people who had signed the petition sent to the Postmaster General, Mr. Ernest Demers wrote him the following letter:

Sir,

The signers of the attached petition have learned with much regret that, according to a notice received from Mr. W. J. Gagne, district director of postal services, North Bay, Ontario, file No. M-184, dated June 5, 1958, their Fabre Station post office, Quebec, Timiskaming county, would close on June 30, 1958, and be replaced by rural delivery.

Please note that this post office has been in existence for more than 33 years and serves 38 families.

Out of that number, 9 only are in favour of a rural mail delivery while 29 anxiously hope that the post office will remain. They do not want rural mail delivery which would delay for more than one day the delivery of our mail.

We therefore urge you, sir, to be kind enough to agree to the almost unanimous request of families served by this post office and to keep it in operation as in the past.

We would be most grateful to you.

Please accept, sir, the expression of our best wishes.

Yours truly,

Ernest Demers

The executive assistant to the Postmaster General answered as follows to the request I have just quoted:

Dear Mr. Demers:

This is to acknowledge receipt of the petition you sent to the Postmaster General on June 12 last in respect of the closing of the Post Office at Fabre Station and of the establishment of rural mail delivery.

Hon. Mr. Hamilton has taken note of your representations and will discuss the matter with your member of parliament, Mr. Paul Martineau, to whom you have forwarded a copy of your letter and of the petition.

I have in my hand a copy of that petition. It bears 29 signatures. I have also read the copy of a letter sent by Mr. Gagne to Mrs. Goulet, who was postmistress. Nothing in the file shows any serious reason, economic or otherwise, pointing to the necessity of closing that post office which seems to have been entirely satisfactory to the great majority of residents for 33 years.

I have found there nothing which would indicate that this was a matter of economy. I still think, though, there is a nigger in the woodpile inasmuch as the letter sent by the executive assistant to the Postmaster General contains the following words:

Hon. Mr. Hamilton has taken note of your representations and will discuss the matter with your member of parliament, Mr. Paul Martineau—

I wonder if this is not a political step rather than one designed to cut down departmental expenditures. Mrs. Goulet happens to be the wife of a former Liberal member of parliament, a man who was active in politics, though she herself was never so. We know, also, that it was just after the Conservative party had come into power that the post office at Fabre Station was closed in spite of the representations of the majority of the people of that community.

I would therefore like to ask the minister to provide a few explanations which would be such as to satisfy at least the people of Fabre Station who feel they should be treated as fairly as the other residents of this country.

Does the minister not intend answering my questions immediately?

(Text):

Mr. Hamilton (Notre Dame de Grace): I think it might be a little bit easier and quicker if we heard the various questions first. Then I could deal with them altogether.

Mr. Caron: Suppose it is not on the same subject.

Mr. Hamilton (Notre Dame de Grace): I know that everyone wants things speeded up.

Mr. Caron: If it is not on the same subject, I think it would be easier to answer each one separately.

Mr. Bourque: A short time ago, when the Postmaster General was before this house with his estimates I told him that I would ask him a couple of questions about some of the items that we had to deal with. One of those items was commemorative stamps. He was kind enough to write to me giving me all the necessary explanations. I want to thank him kindly for this explanation. I do not think it will be necessary for me to deal any further with this question.

I understand that it is the intention of the Post Office Department to revise the preferential rates granted newspapers, magazines, periodicals and all other publications that benefit from these cheaper rates, owing to the presumed heavy loss incurred in the transportation of these publications at preferential rates. When I say "publications" I mean newspapers, magazines, periodicals, directories, listings, technical books, et cetera, all the publications that come under the preferential postal rate. I understand that United States publications in millions of copies coming into Canada regularly, when mailed in the United States contribute nothing to the revenue of the post office but owing to their bulk add greatly to the cost of carrying this second class mail or, perhaps I should say preferential rate mail. These United States publications are in direct competition with our—

Mr. Hamilton (Notre Dame de Grace): I rise on a point of order, Mr. Chairman. I am sorry to be obliged to interrupt the hon. member for Outremont-St. Jean, but this is a subject which is properly discussed under the first item, namely the administration branch which is responsible for the setting of rates and similar aspects of our postal operations. We are now on the operations section which deals with the day to day operations of the post office.

Mr. Bourque: Am I to understand that this matter comes under the next item? Am I to understand that I can deal with it on the next item?

Mr. Hamilton (Notre Dame de Grace): It comes under the previous item, namely that

of administration, which was passed at the last sitting of the committee when these estimates were under consideration.

Mr. Bourque: Then I cannot speak on this item?

Mr. Hamilton (Notre Dame de Grace): No. I am sorry because I appreciate hearing the views of the hon. member.

Mr. Caron: It can always be done by leave.

The Chairman: Order. If the hon. member is to be relevant to the item under discussion, it is quite correct that the only item to be discussed at present is item 305 which deals with operations.

Mr. Chevrier: Mr. Chairman, may I draw to your attention the fact that the hon. member is trying to discuss postal rates. Surely under the operations of the department, item 305, it is possible to do that because it deals here with district offices, railway mail service staffs, supplies, equipment and other items, including administration, and to authorize the reappointment of a certain person and so forth. Surely this is a matter that is going to take just a few minutes. I wish the Postmaster General would allow it to be discussed. It is a matter that has been on the mind of the hon. member for some time.

Mr. Hamilton (Notre Dame de Grace): Perhaps we can reach an agreement. It is a fact that this matter should properly be discussed under the administration item. That is where it is to be dealt with. If we can reach an agreement I shall be glad to have the hon. member go ahead, but I just do not want a general debate to arise on the subject and to continue for several hours.

Mr. Chevrier: I do not think it will take that long.

Mr. Bourque: I thank the minister. These United States publications are in direct competition with our Canadian publications and many have so-called Canadian editions. They are a threat to the survival of our Canadian publications. United States publications account for a good part I believe, of the loss of $18 million which the post office has had to bear in the carrying of this preferential rate mail.

I should now like to make a plea to the Postmaster General on behalf of these Canadian publications. They inculcate in the minds of our Canadian citizens a true spirit of Canadianism. They promote Canadian unity, create a sense of pride in being a Canadian and, above all, they instil in every Canadian a love of Canada. They also spread Canadian knowledge and make us more conversant with things Canadian. They contribute, Mr. Chairman, to the formation of a truly Canadian mentality. Over and above that, they give employment to hundreds of thousands of Canadian workers. Many Canadian newspapers and publications find it extremely difficult to make a living with the present postal rates. An increase in postal rates would create severe hardship for them and perhaps cause many of them to discontinue publications, hence increasing unemployment.

United States publications are a detriment to our Canadian way of life. Our Canadian culture is seriously endangered by the reading of United States publications. They are making our citizens United States minded instead of being Canadian minded. Our children must be taught to believe in Canada. It is the greatest country in the world. It is the country that offers the youth the greatest advantages and the best future possible. We need Canadian publications to tell them so. By encouraging our Canadian publications we create more employment, thereby benefiting our national economy.

These workers pay all the taxes levied—municipal, provincial, federal, school and sales taxes—and they are happy to be able to contribute their share to the welfare of Canada. We need to help along our Canadian publications and ought not to burden them with a load they could not carry. Increasing the postal rates would cause many of them to fold up.

I should like the Postmaster General, if he can, to give us an idea what part of the $18 million that was lost by the post office last year can be attributed to Canadian publications and how much to United States publications. I think the people of Canada would be interested in knowing just what amount the Canadian publications would have to pay. It would be most unfair, in my opinion, to ask the Canadian publications to pay for a deficit that is in large part due to the United States publications which are coming in and which bring absolutely no revenue to Canada.

I asked the Postmaster General, the last time I was speaking, what the increase in postal rates will be—and I am shortening my speech, Mr. Chairman, so that I will not keep you too long—or what the cost per person would be per year for having two deliveries a day instead of one delivery. I believe the Postmaster General told me that he would have these figures to submit the next time his estimates came up for consideration. Might I have an answer now, because I have other things to carry on with. I have asked this before and I thought the Postmaster General would have this ready.

Mr. Hamilton (Notre Dame de Grace): I will be glad to accommodate the hon. member if he has somewhere else to go. He devoted a considerable portion of his remarks to our Canadian publications, and the $18 million loss which was referred to by the Auditor General in his report. I think it is correct to say that that is an estimate rather than an exact figure. I think that point should be made because of what I am going to say next, which is that our accounting and our studies of this matter do not enable us to apportion whatever loss there might be on this operation between United States and Canadian publications. We have no breakdown in that respect.

The hon. member asked about the annual cost of two deliveries a day. If we were to restrict it to five days a week, the minimum cost would be $3,750,000 a year rising ultimately to, say, $4,340,000. If it was to be done twice a day, five days a week, with one delivery on Saturday the minimum figure would be $4,800,000 rising to $5,925,000. The rise is of course due to increased payment on account of salaries and wages as employees attain more seniority. I may add that on top of that the government would also be required to supply uniforms and equipment and bear various other costs entailed in this service.

Mr. Bourque: Suppose it were to cost $10 million more compared with one delivery a day. That would represent 59 cents per person per year based on a population of 17 million people. Does the minister not think that if for 59 cents we could have twice a day delivery it would not be a desirable thing to do, because in addition to providing more employment it is surely recognized that once a day mail delivery imposes a real hardship on the population which is becoming practically unbearable. I say that if for 60 cents a year we could have the benefits of twice a day delivery it would be well worth while for the post office to spend that sum. I am bringing these figures in to show what I am coming to.

The annual cost per year per person of the loan we are converting at the present time is $17 or, in the aggregate, $289,125,000 a year. Under the Liberal regime the same sum was borrowed at different times and it only cost the country $192,750,000 or $5.66 less per year per individual than is paid at the present time. If we can pay $96,375,000 more in interest under this regime than we paid for the same sum under the Liberal regime, surely we can spend 59 cents a year more per individual each year in order to get a twice a day mail delivery and have the people satisfied.

[Mr. Bourque.]

Mr. McWilliam: Mr. Chairman, the subject of twice a day delivery has been dealt with under the general item. I mention it only to show the minister's attitude toward mail delivery when he was an opposition member demanding twice a day service, as a preface to my opening remarks.

Some discussion took place previously with regard to postal services provided in rural areas. In the past I have urged the department to provide better rural mail services. In the majority of constituencies a large number of postal stations are served by bi-weekly or tri-weekly services and some by a once a week service. This low frequency service is out of step with the progress Canada has made in the past number of years. The situation is the same for tri-weekly service except that the waiting period is not quite as long. Why are many people living in rural areas subjected to inadequate mail services? Are they considered by the department as second class Canadians?

The minister might use the argument that the revenue does not warrant better service. This is a poor basis for argument in so far as postal services are concerned. Does the minister think that sufficient revenue is derived from postal patrons residing in street delivery areas to defray the costs of door to door delivery—I am sure he does not.

There are few, if any, postal areas that pay their own way if the costs of construction and maintenance of buildings used as post offices are taken into consideration—these costs are borne by the public works department—and also the cost of transporting mails to and from post offices by plane, train, trucks and other means of transportation.

Why do some Canadians enjoy modern, up to date mail services while other Canadians are served in the same manner, with the same degree of service as was available to our forefathers? In many rural areas the mail services have not been improved since the turn of the century.

Mr. Hamilton (Notre Dame de Grace): On a point of order, Mr. Chairman. The hon. member has been completely off this item since he started this speech. His speech relates to the transportation branch of the department. I think, however, that the hon. member might be allowed to continue in order to save time as long as we do not get involved in a debate on that subject.

Mr. McWilliam: I should have said at the beginning that I intended to make a passing reference to transportation but I believe I will be saving the time of the committee by continuing my remarks at this point. I am not going to list the mail routes that serve rural

areas in the constituency of Northumberland-Miramichi on a twice a week and tri-weekly frequency, but I ask the minister to direct the attention of his officials to these areas with the end in view of improving services to daily frequency. I also request the minister to examine the scale of salaries that are paid rural postmasters because the remuneration paid in most cases is extremely low when compared with remuneration paid for the same number of duty hours in other fields either in the public service or in free enterprise.

In other departments of government part-time workers engaged for a few days each month aggregate more remuneration a year than what is paid some postmasters in rural areas who provide quarters and service six days a week for 52 weeks a year.

Charges of alleged political activities in support of the Conservative party have been made against a postmaster in Northumberland-Miramichi, who also holds a mail contract for a side service. Every member of parliament is aware of the Postmaster General's directive issued prior to the election warning them that they would be subject to dismissal if they took part in federal politics. I do not know if there is any foundation for this charge of political activity, nor do I intend to ascertain if this mail carrier was engaged in political activity in support of the Conservative party, my reason being that I am of the opinion that a mail carrier in his hours off duty should have the right to conduct himself as he sees fit.

It should be remembered that mail contracts are awarded to the lowest bidder. That was a policy strictly followed by the former Liberal government and one which, I trust, will be continued. The time of mail drivers, other than periods during which he performs the duties under his contract, should not be regulated as to his political activities by a directive issued by a minister of the crown any more than a contractor should not be directed not to accept any other form of employment in his off-duty hours.

There may have been charges of political activity made against mail drivers in support of the Liberal party. If any charges of alleged political activity have been filed with the department the officials should make sure that charges are fully substantiated before contracts are terminated.

Mr. Chairman, shortly after March 31 of this year I received a complaint, with the assurance that a sworn affidavit would be produced if requested, that a certain postmistress was openly canvassing votes for the Conservative party. This postmistress who is alleged to have made this canvass has provided splendid postal services for many years and continues to do so both as a postmistress and as a conveyor of mails as a contractor for a side service. In recognition of her past services I made repeated representations to the department a few years ago for an increase in remuneration but my efforts were unsuccessful.

I did not take any action on the charge made. No attempt was made to obtain a sworn statement because I felt that this postmistress was a victim of political pressure applied by a few people whom she classed as friends who incidentally, did not reside in this postal area and did not care if she jeopardized her position as postmistress or lost her mail contract.

I was surprised when I heard about the alleged actions in view of the splendid services rendered in the past and the fact that she never engaged in political activities in former years, keeping a strictly non-partisan attitude in keeping with her appointment as postmistress and her appointment each election year as a deputy returning officer for federal elections including the year 1958. In the best interests of the postal services and the patrons of this area I decided I would not take any action on the complaint.

The only reason these two cases of alleged political activity were brought before the committee is because the department has made a dismissal without justification for some unknown reason which appears to have a political taint. Mr. Chairman, on July 26 as found on page 2752 of *Hansard* of that date the member for Laurier asked the minister this question:

> May I ask the minister if following this statement and because of the directive referred to have there been any dismissals from the post office?

The member for Laurier was inquiring about dismissals due to political activities on the part of mail carriers.

The minister's answer found on the same page of *Hansard* was:

> In the case of rural mail carriers, Mr. Chairman, the answer is no.

The minister cannot make the same answer for the group of non-civil service postmasters and postmistresses. Perhaps the minister will tell the committee how many appointees in this group have been dismissed since March 31.

In the constituency of Northumberland-Miramichi the postmistress of a small revenue post office, namely, Baie Ste. Anne, has been dismissed. There are no reasonable grounds for this dismissal. On the contrary Mr. Chairman, all the known facts support the contention that the dismissal was totally unwarranted. When this postmistress took over the post office she did so after much persuasion

by local postal patrons and on the request of area postal officials, after no other resident would accept the appointment. It was evident that this village would be without a post office if she did not accept the appointment. As a matter of fact this village was without a post office for a short period following the resignation of the former postmaster.

When this now dismissed postmistress accepted the appointment a part of her home was set aside and renovated to provide up to date service. Mail boxes and a general delivery wicket were installed at a considerable expense borne by the postmistress. The part of the home set aside for postal services was a self-contained unit and was accessible by an outside entrance used only by postal patrons. The accommodations provided were superior to the average accommodations found in most offices in rural areas. The post office was located in the centre of the community.

Since this postmistress accepted the appointment about 15 months ago the revenue of the post office tripled. District and area postal officials were completely satisfied with her performance of the duties involved. No reason was given the postmistress as to why her services were terminated. As far as she was concerned she never took the slightest part in any political activity and her services with the department were of the highest order.

The devotion to her postal duties as proven by the increases in revenue and the favourable declaration of the local postal patrons by their action in forwarding a signed petition requesting that no change be made are concrete proof of the efficient services rendered. Reliable information states that a petition signed by approximately 90 per cent of the postal patrons of this office requesting that the postmistress be retained was received by the department. The receipt of the petition is verified by the answer to my order paper No. 172. This petition was drafted and circulated by known supporters of the Conservative party and bears the signatures of a large number of supporters of the minister's own party.

It is stated that a copy of the petition was forwarded to the defeated Conservative candidate and when he was approached by a Conservative supporter, following receipt of the copy of the petition, it is alleged that the defeated candidate, who now administers both federal and provincial patronage, stated that he received the petition and that he had already recommended the dismissal of the postmistress.

Actions of this kind, Mr. Chairman, break down the morale of persons serving the public in the postal services. It places in jeopardy the appointment of non-civil service postmasters who are deemed to have cast a vote against this government, even though they never took the slightest part in politics.

This is the first time in my memory that a postmaster or a postmistress has been dismissed on trumped-up political reasons. It is the first time within my memory that anyone has been dismissed in the constituency of Northumberland-Miramichi for any reason other than inefficiency. In this case the people of Baie Ste. Anne are convinced that the action taken was purely of a political nature, one that had no foundation, one that was most unfair and unwarranted.

The husband of this postmistress is an active supporter of the Liberal party. He had no connection whatsoever with the post office. Surely, Mr. Chairman, a dismissal on this ground is out of keeping with our democratic system. My remarks on this dismissal have nothing to do with the newly appointed postmistress. She is a woman of splendid character and I would be the last person to criticize her or harm her good name.

This action is a new innovation in the Post Office Department and one that I would fight most strenuously if the Liberal party was in power. Non-civil service postal appointees should not be dismissed without cause, dismissed with no reason given, denied the opportunity of a right of appeal, dismissed on the recommendation of a defeated candidate of the party in power. With very few exceptions, the people of Baie Ste. Anne are indignant against the Post Office Department for such high-handed, unwarranted action meted out to one of their residents who gave splendid service and who is widely recognized as a person who never took part in politics of any kind. I feel sure the minister does not know the true facts of this case and, surely, he will have an independent investigation made, in view of the widespread protests, and if the facts are as I have presented them, then surely the course of justice will be followed and a reinstatement made. I urge, yes, Mr. Chairman, I demand that an independent survey be conducted toward bringing out the true facts surrounding this case to make sure that no injustice is done to this dismissed postmistress' good name, her character, integrity and ability.

Mr. Hamilton (Notre Dame de Grace): Just before the hon. member resumes his seat will he tell me how long this dismissed postmistress held the position?

Mr. McWilliam: Mr. Chairman, I know exactly just what the Postmaster General is going to say. He is going to say that this woman's appointment—

Mr. Hamilton (Notre Dame de Grace): Answer the question.

Mr. McWilliam: Restrain yourself and you will get an answer. He is going to say that this woman's appointment was never made permanent, but I say that is a very flimsy excuse, Mr. Chairman. She was sworn into office the same day as the Postmaster General was sworn in; she served faithfully for over a year, tripled the service there and it is the minister's responsibility to make that appointment permanent.

Mr. Houck: Mr. Chairman, when any group of civil servants are performing a splendid job I am not only willing but very happy indeed to say something on their behalf. I want to say to the Postmaster General and through the Postmaster General to his department that not only in Niagara Falls but in the Niagara district as a whole we have some of the finest civil employees that any department could have.

As the minister well knows, Niagara Falls is the outstanding tourist section of the country and not only in the Dominion of Canada but indeed in the world. Because of that fact our mail, especially in the summer, is exceptionally heavy with respect to the postal card service. I want to say to the minister, and I think he will agree with me —if he does not he can correct me if I am wrong—that all the men in the postal department, especially the postal men themselves, have to work four hours a day on every statutory holiday with the exception of Christmas and New Years. There is an old saying that the mail has to go through regardless of the weather.

I want to pay my respects to the postal men in Niagara Falls and district. They are a fine, courteous bunch. One thing has impressed me greatly, not only in Niagara Falls but in the area. Because of the great influx of tourists you will find that the letter carriers are stopped a dozen times a day when they are on their beat and asked for directions to various parts of the city and various parts of the province. These postal men are always courteous and willing to give advice. I say to the minister that we in Niagara Falls and in the Niagara district are indeed proud of his employees and I would plead with the minister and through him to his department to give consideration to increasing the small salaries they are receiving for the fine work they are performing.

Mr. Deschatelets: I have a very brief comment, Mr. Chairman. I have a letter from a Mrs. Leonora Starr, 129 Prospect street, Newmarket, Ontario, which contains, I think, a very interesting suggestion. Mrs. Starr has noticed that the United States postmaster is using on his cancellation stamp the words, "Pray For Peace". She has made the suggestion that we in Canada should adopt the same term or a similar term. I am leaving this suggestion with the Postmaster General and I hope he will give it his kind consideration.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Post Office Department.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall commence with estimates. I am not sure at the moment whether it will be the supplementary estimates standing in the name of the Prime Minister which concern the federal district commission or those of the Department of Finance. Then, hon. members should be prepared to go on with the items in the further supplementary estimates.

Mr. Chevrier: May I interrupt here to indicate to the leader of the house that it would be useful for the Leader of the Opposition if as soon as the minister can indicate whether it is finance or the other that comes first he should advise us on this side of the house.

Mr. Green: I shall be very glad to do that. Then we shall take item No. 2 on today's order paper, second reading of the bill to amend the Customs Act and then item No. 3, second reading of the bill to amend the Canadian Citizenship Act.

Mr. Chevrier: And on Friday?

Mr. Green: On Friday I believe the Prime Minister intends to move the first reading of the bill of rights and we hope it will be possible to conclude all business on Friday.

Mr. Chevrier: I can assure my hon. friend that we on this side of the house will co-operate to the fullest extent.

Mr. Green: Arising out of the last remark of the hon. member for Laurier, I should like to thank the members of both opposition parties very much for sitting past six o'clock today.

Mr. Herridge: I should like to say on behalf of this group that we shall co-operate in every way possible to the end desired.

At 6.35 p.m. the house adjourned, without question put, pursuant to standing order.

Question

ANSWERS TO QUESTIONS

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

FLOODLIGHTING EXPENDITURES, PARLIAMENT BUILDINGS

Question No. 195—**Mr. Boivin:**

1. What was the cost of the temporary floodlighting of the centre block?
2. What was the cost of the recently installed permanent floodlighting of the building?
3. Were tenders called for this work?
4. If so, what are the names of those who submitted tenders and the amount of their respective tenders?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. $3,135.48.
2. $9,000.00.
3. Yes.
4. Stanley G. Brookes, $9,000; J. C. Robinson & Sons Ltd., $9,100; Ruiter Electric Ltd., $9,314; MacFarlane & Leblanc, $9,520; Universal Electric Ltd., $9,680; George Bolton Ltd., $11,660; A. C. MacDonald & Sons Ltd., $12,408.

[The following items were passed in committee of supply]:

DEPARTMENT OF TRADE AND COMMERCE

Atomic energy control board—

48. Administration expenses of the atomic energy control board, $62,818.

49. Grants for researches and investigations with respect to atomic energy, $400,000.

Atomic Energy of Canada Limited (research program)—

50. Current operation and maintenance, including expendable research equipment, $18,382,600.

51. Construction or acquisition of buildings, works, land and equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited, $9,301,700.

NATIONAL RESEARCH COUNCIL

257. Salaries and other expenses, $22,660,729.

258. Construction or acquisition of buildings, works, land and equipment, $3,331,475.

Loans, investments and advances—

Atomic Energy of Canada Limited—

500. To provide for advances to Atomic Energy of Canada Limited in such amounts and on such terms and conditions (including the delivery of Her Majesty, in satisfaction of the advances, of obligations or shares of the company) as the governor in council may approve; to finance the construction of housing and other works at Deep River; and to authorize Central Mortgage and Housing Corporation to undertake construction of the said housing and other works at Deep River for Atomic Energy of Canada Limited, $345,000.

501. To provide for working capital advances to Atomic Energy of Canada Limited, subject to such terms and conditions as the governor in council may approve, $6,000,000.

ATOMIC ENERGY

Atomic Energy of Canada Limited—(research program)—

665. Indemnity against nuclear hazards—to authorize, subject to the approval of the governor in council, execution and performance of an agreement between Atomic Energy of Canada Limited and McMaster University, amending the agreement made as of 15th October, 1957, whereby the company agreed to lease to the university enriched uranium to be used as fuel for the research reactor installed and to be operated by the university on its premises at Hamilton, Ontario, so as to provide that the university shall carry insurance satisfactory to the company in the sum of $500,000 against liability to third parties for nuclear hazards (as defined in the agreement) arising out of the possession or use of such enriched uranium and that the company shall indemnify the university and its suppliers against such liability in excess of that amount, $1.

General Administration—

692. To amend vote No. 786 of the Appropriation Act No. 4, 1951 by deleting therefrom the words "at a salary of $12,000," and substituting therefor the words "at such salary rate as the governor in council determines, but not exceeding $16,500", $1.

693. Commodities services — further amount required including expenses of the small business branch, $30,000.

DEPARTMENT OF PUBLIC WORKS

Trans-Canada highway—

366. To provide for construction through national parks, $12,500,000.

General—

367. To provide for advance planning of projects including acquisition of sites, $1,500,000.

368. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specfic provision is made in the fiscal year 1958-59, $900,000.

369. Miscellaneous works not otherwise provided for: a maximum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000 in the case of any one building construction project, $1,000,000.

370. To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $700,000.

Central Mortgage and Housing Corporation—

371. To provide for the expenses incurred in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence, $720,000.

372. Special payments to the Howe Sound Mining Company, subject to such terms and conditions as may be approved by the treasury board, towards the cost of supplying and servicing accommodation at the Britannia mine, British Columbia, up to the 30th day of June, 1958, $48,000.

Central Mortgage and Housing Corporation—

510. To provide for advances to Central Mortgage and Housing Corporation for the purposes of subsection (1) of section 37 of the National Housing Act, 1954, in respect of housing projects for veterans and for housing projects at Gander, Newfoundland, for sale or rental, $1,086,000.

General—

612. Miscellaneous works not otherwise provided for: a maximum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000 in the case of any one building construction project—further amount required, $250,000.

Central Mortgage and Housing Corporation—

613. To provide for reimbursement to Central Mortgage and Housing Corporation for losses sustained by it during the fiscal year 1957-58 as a result of the operation of Federal-Provincial projects undertaken under section 36 of the National Housing Act, 1954, $99,531.

Central Mortgage and Housing Corporation—

660. To provide for advances charged to the special account in the Consolidated Revenue Fund established by subsection (4) of section 36 of the National Housing Act, 1954, in respect of housing and land development projects undertaken jointly with the governments of the provinces during the fiscal year 1957-58, $15,000,000.

Public Buildings Construction and Services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

673. Newfoundland, $35,000.
674. Nova Scotia, $50,000.
675. Quebec, $270,000.
676. Ottawa, $235,000.
677. Ontario (other than Ottawa), $150,000.
678. Manitoba, $25,000.
679. Saskatchewan, $30,000.
680. Alberta, $155,000.

681. Furniture and furnishings for government departments—further amount required, $300,000.
682. Newfoundland, $269,500.
683. Nova Scotia, $166,000.
684. New Brunswick, $173,000.
685. Quebec, $380,400.
686. Ontario, $188,000.
687. British Columbia and Yukon, $251,500.
688. Construction or acquisition of buildings, works, land and equipment—further amount required, $75,000.

Dredging—

689. Construction or acquisition of plant and equipment—further amount required, $250,000.
690. Maintenance and operation of graving docks, locks and dams—further amount required, $52,625.

General—

691. Miscellaneous works not otherwise provided for: a maximum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000 in the case of any one building construction project—further amount required, $400,000.

POST OFFICE DEPARTMENT

305. Operations—Including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, including administration, and to authorize the re-appointment, effective the 16th day of September, 1955, of G. V. H. Christiaenssens as a Postal Clerk 2 in the Magog post office, at a salary of $2,700 per annum for the period from the 16th day of September, 1955, to the 31st day of March, 1956, and at a salary of $2,940 per annum for the period from the 1st day of April, 1956, to the 30th day of April, 1957, $101,387,706.

306. Transportation—Movement of mail by land, air and water, including administration, $56,296,275.

307. Financial services, including audit of revenue, money order and savings bank business; and postage stamps, $2,811,748.

HOUSE OF COMMONS

Thursday, September 4, 1958

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Thirteenth report of standing committee on railways, canals and telegraph lines.—Mr. Howe.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF UNITED STATES SENATORS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, possibly I can at this time make reference to the fact that in the gallery today there are two representatives of that impressive and powerful legislative body, the United States Senate. I refer to Senator George D. Aiken of Vermont and Senator Homer E. Capehart of Indiana. Both these gentlemen are here in Ottawa to meet with Your Honour and the Speaker of the other place for the purpose of laying the foundation for a joint committee of legislators representative of our two bodies.

I shall say no more than that. We welcome them for the purpose for which they are here. We welcome them as representatives of that great body which has such powerful legislative capacity and ability. We welcome them because they come from our neighbour, the United States of America, whose co-operation and adherence to freedom give hope to all mankind.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to join in the welcome the Prime Minister has expressed to the two representatives of the Senate of the United States who are visiting us today, both of whom I had the pleasure of meeting in the happy days when I lived in Washington. They are here on a mission which, if it can be accomplished—and I am sure it can—will make an important contribution to improving, even more, the good relations between our two countries. Their presence here today, Mr. Speaker, also reminds us that the congress of the United States has completed its work.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, on behalf of the C.C.F. I am very happy to join the Prime Minister and the Leader of the Opposition in welcoming these two distinguished senators from the United States, Senator Aiken of Vermont and Senator Capehart of Indiana. I am certain their visit will result in the establishment of the joint Canada-United States committee in such a form as to result in very great benefits to both nations in the years ahead.

I think we all realize that the prosperity of Canada is closely allied to economic conditions in the United States, and we believe that any procedure that will result in increased trade between our nations and a reduction of trade barriers will redound to the benefit of both countries. The Prime Minister has said that our nation, together with the United States, stands solidly for freedom, and we hope this committee will strengthen the processes of freedom in both nations. A few years ago I had the very great honour of being introduced on the floor of the Senate of the United States. Perhaps our procedures are a little more formal, but I know that our sentiments are just as sincere in welcoming wholeheartedly to our gallery these two distinguished senators from our neighbouring nation, the United States of America.

Mr. Speaker: Perhaps I may be permitted on this occasion to add my own very warm words of welcome, and to assure the house that if by any chance the senators from the United States have not heard the unanimous and warm greetings which have been extended to them, I shall be happy to convey these messages.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—JOINT LETTER FROM RAILWAY PRESIDENTS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Labour based upon reports in the press yesterday concerning the dispute between the non-operating employees of Canadian National Railways and the Canadian Pacific Railway Company and the railways themselves. Has the minister a statement to make in connection with the letter he has received from the presidents of the two railways?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, on my return to Ottawa this morning I found on my desk a letter jointly

signed by the presidents of the Canadian National Railways and the Canadian Pacific Railway relating to the report of the conciliation board set up in the non-operating railway employees' dispute. From the information I have, the latest development is that at a press conference in Montreal yesterday the railways indicated their intention to press for a 20 per cent freight rate increase and at the same time the union representatives indicated that the union is preparing for a strike vote. In the meantime we are watching the situation closely and the house can be assured that we shall remain in close touch with developments concerning this matter. That is all I can report at this time.

Mr. Chevrier: Arising out of the minister's statement, may I ask the Prime Minister a question, and I hope he will not reply that it is hypothetical. Having regard to the statement the Minister of Labour has made and the fact that the railways will apply to the board of transport commissioners for an increase in freight rates of approximately 20 per cent, will the Prime Minister indicate whether or not the government will suspend the coming into effect of such increase if it is granted by the board?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman, of course, answered himself when in his opening words he stated that he hoped I would not refer to his question as hypothetical. That it is, and I do not intend to answer by way of anticipation.

Mr. Chevrier: Very practical.

Mr. Hazen Argue (Assiniboia): May I direct a question on the same subject to the Minister of Transport. Can the minister say whether there was any discussion between himself and the president of the C.N.R. before the president of the C.N.R. associated himself with the president of the C.P.R. in saying that the railways would apply for a gigantic increase of 20 per cent in freight rates? I ask whether such a discussion has taken place, in view of the welcome action by the government last April 28 in disallowing the 3.6 per cent increase then granted.

Hon. George H. Hees (Minister of Transport): The answer is no.

UNEMPLOYMENT—ADVERTISING CAMPAIGN FOR WINTER PROGRAM

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): May I ask a question of the Minister of Labour. Apparently $150,000 is to be spent by the government in an advertising campaign to assist winter employment. Can the minister indicate the approximate amount which will be spent in British Columbia? Would the minister indicate also whether or not any encouragement is to be given to local governments to participate in the campaign?

Hon. Michael Starr (Minister of Labour): I regret to inform the hon. member that it is not possible at this time to give a breakdown of these expenditures by provinces, since most of the advertising and publicity material is contracted on a national basis. However, the way it works out is that in the end result the material is presented almost on a per capita proportion of population in each region.

So far as British Columbia is concerned, the campaign will be very active in that province. The officers of my department, I can assure the hon. member, have been in touch with the municipalities and with winter employment committees in most of the major centres of the province. I might add also that a research program involving both federal and provincial cooperation is now being evolved in order to throw light on the basic causes of seasonal unemployment in that province, and to suggest measures for dealing with the situation.

UNEMPLOYMENT—REQUEST FOR FRENCH COPY OF REPORT OF CONFERENCE

On the orders of the day:

Mr. Maurice Bourget (Levis): May I direct a question to the Minister of Labour. I understand that he has now deposited with the Clerk of the house a summary of the proceedings of the winter employment conference which took place on July 14 and 15. May I ask the minister whether this summary of proceedings has been tabled in French and English.

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker. It is available only in English.

Mr. Bourget: Then may I ask the minister whether he would be kind enough to have these proceedings translated so that copies in French may be available to the French members.

Mr. Starr: I shall be glad to do that.

NATIONAL DEFENCE

ROCKCLIFFE AIR BASE—REPORTED DENIAL OF SCHOOL FACILITIES

On the orders of the day:

Mr. J. O. Gour (Russell): I should like to direct a question to the Minister of National Defence. I have received representations

from the parents at the Rockcliffe air base informing me that their children have not been accepted at Notre Dame separate school, and they have no other recourse but to send the children to the school at the air base.

Would the minister tell the house whether some space could not be made available for these children, or whether the children of separate school supporters could be compelled, because of the decision taken this week, to attend public schools?

Hon. G. R. Pearkes (Minister of National Defence): There are 28 French speaking children at Rockcliffe whose parents desire that they receive their education in the French language. We are trying to make arrangements with the separate school board of Ottawa to see whether they can be accommodated in some French speaking school in Ottawa.

Mr. Gour: I should like to ask another question of the minister, but before asking it I should like to inform the minister and all members of this house that this is not a question of politics.

Mr. Speaker: Order. I must inform the hon. member that this is not a time to impart information. If he has a question he may ask it.

Mr. Gour: I will ask the minister a question. It would be very easy to have, in that school at the base—

Mr. Speaker: Order. I think the hon. member is endeavouring to enter into an argument on this matter. If he has a supplementary question would he please ask it.

Mr. Gour: I will ask the minister to try to take steps to see that the French children can learn in the French language in that school, and that the Catholic people can have their religion taught in that school.

BRIDGES

TRAIL, B.C.—PROPOSED SECOND BRIDGE ACROSS COLUMBIA RIVER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Strictly in order to receive information I wish to address a question on a matter of regional and local interest and importance in British Columbia to the Minister of Public Works. Will the minister inform the house when the department of public works of British Columbia filed plans with his department for a proposed second bridge across the Columbia at Trail, and would the minister also inform the house of the developments to date with respect to approval of those plans?

Hon. Howard C. Green (Minister of Public Works): The hon. member directed this question to the Minister of Transport, and it only came to my attention within the last few minutes. Under the circumstances I shall have to ask that he give me time to prepare a reply.

PRIVILEGE

MR. HAMILTON, QU'APPELLE—REFERENCE TO ARTICLE IN TORONTO "GLOBE AND MAIL"

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Just before the house opened, Mr. Speaker, I was given a copy of a report that appeared in the *Globe and Mail* this morning. On a matter of privilege I should like to correct what I believe to be a very unfair impression given by this story. It is dated September 3, and the opening paragraph states as follows:

> Differences between the Ontario and federal government on what constitutes a proper roads to resources program in the province won't be put on public display yet.

I should like to state flatly that this is not the situation at all. The situation is that in Ontario the minister with whom I made the original arrangement is no longer in that position. The new minister has asked to examine the whole program, and a month ago he tried to get myself and various members of my department to examine one or two of the roads that are under discussion but I was unable to go at that time. There is no question at all of differences that have caused this delay.

The other statement to which I should like to take exception appears later on in the story, where it is stated:

> Mr. Hamilton indicated in an appearance before the mines, forests and waters committee this session that he did not feel Ontario's proposal was imaginative enough.

I think the correct impression is this, Mr. Speaker—

Some hon. Members: Order.

Mr. Speaker: I think the minister should state what privilege is involved in this second matter. It does not seem to me that it raises a question of privilege.

Mr. Chevrier: He would like to make a speech.

Mr. Hamilton (Qu'Appelle): The fact is that I made it clear in the committee, Mr. Speaker, that Ontario pioneered this concept of mining roads and access roads, and any discussions we have had—

Mr. Pickersgill: That was in Hepburn's day.

Inquiries of the Ministry

Mr. Hamilton (Qu'Appelle): —are entirely on questions of the material we have proposed. I should like to say flatly that this statement has completely misreported the whole significance of the efforts we are making to carry out this program.

BUSINESS OF THE HOUSE

REQUESTS FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Now that the Minister of Northern Affairs and National Resources has approved the action of the Hepburn government in Ontario, I wonder whether he would be good enough to do something for me. My question has to do with the questions remaining unanswered on the order paper. Question No. 182 was placed on the order paper some four weeks ago. It remains unanswered. I should like very much to get an answer to it today. It is a rather simple question. I should like to have the answer before the estimates are finally concluded. I wonder whether the Minister of Northern Affairs and National Resources could get that answer for me.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I shall look into the matter again, Mr. Speaker.

Hon. Lionel Chevrier (Laurier): On the same subject, Mr. Speaker, may I point out that question No. 96 on the order paper remains unanswered. Recently I asked in French whether I could not get a reply. The request was ineffective and no action was taken. That is why I am rising now and asking the question in English; perhaps it will have more effect. Will the Secretary of State see that I get an answer before the end of the session?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I have requested the officials of my department to make the necessary inquiries. As soon as I have the answer I shall be glad to give it to my hon. friend.

Mr. Chevrier: That may be next year.

UNEMPLOYMENT ASSISTANCE

QUEBEC—INQUIRY AS TO COMMUNICATIONS WITH PROVINCIAL AUTHORITIES

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, yesterday the Minister of National Health and Welfare answered a question which I had put the previous day to the Minister of Labour, at which time he said that the province of Quebec was the only province which had not signed an agreement with the federal government in respect of the Unemployment Assistance Act.

I would now like to put a supplementary question to the Minister of National Health and Welfare. Would he state whether during the course of the last fiscal year he at any time communicated in respect of this matter with the authorities in the province of Quebec, either by letter, telephone call or telegram?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, yes I did. I am sorry I do not have it with me today, but yesterday I had a copy of a letter which was written to the minister concerned in that province at the time we removed the .45 threshold on unemployment assistance, and I received an acknowledgment of that letter from the minister.

Mr. Deschatelets: Would it be possible for the minister to let us know the contents of that letter, or to table it?

Mr. Monteith (Perth): I have no objection. It was merely an announcement.

TRADE

LEAD AND ZINC—REPORTED RECOMMENDATION TO RAISE UNITED STATES TARIFF

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on Monday last I asked the Minister of Trade and Commerce if he would care to comment on an Associated Press dispatch to the effect that President Eisenhower was now considering a recommendation that the tariff on lead and zinc imports from Canada into the United States should be raised. The minister said he would have the answer available for the next day—that was Tuesday. I wonder if the minister can now give me a reply.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I had the answer ready and I regret that I did not give it to the Leader of the Opposition yesterday. The position in regard to lead and zinc at the present time is as follows. Last April 24 the United States tariff commission recommended that increased tariffs should be imposed on imports of these products into the United States and at that time President Eisenhower deferred his decision on these recommendations pending congressional consideration of legislation that had been proposed to subsidize producers in the United States. On August 21 the United States congress rejected this proposed legislation. In view of this fact the United States administration is now studying what action, if any, it should take with respect to lead and zinc.

As far as the Canadian government's position is concerned, our views have already been expressed to the United States government on several occasions, making it abundantly clear that any increased tariffs or other measures restricting exports of these important products to the United States would be of the most serious concern.

Mr. H. W. Herridge (Kootenay West): Could I ask the minister a supplementary question. Has he made any inquiries or has he received any information with respect to the reported global plan which was mentioned in the United States congress for the allocation of base metal markets among western producers?

Mr. Churchill: Mr. Speaker, that matter is under observation and study. I have nothing to report upon it today.

HARBOURS

ST. JOHN'S, NEWFOUNDLAND—INQUIRY AS TO IMPROVEMENTS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, may I direct a question to the Minister of Public Works. Could the minister please inform the house as to the developments made to date in the harbour development at St. John's, Newfoundland?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this is a question which would be more properly discussed on the estimates. As a matter of fact the consulting engineers are still working on plans for the development.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Has no actual work started on the project?

Mr. Green: Mr. Speaker, the hon. member knows very well that under this government work cannot commence until plans are completed.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, has the minister forgotten the tender he called on May 7 of this year, which subsequently had to be cancelled because he had no plans?

Mr. Green: I would have thought, Mr. Speaker, that one dose of medicine would have been enough for the hon. member.

CANADIAN PACIFIC STEAMSHIPS

BRITISH COLUMBIA—INQUIRY AS TO STATUS OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to direct a question to the Minister of Labour. May I ask the Minister of Labour if he would kindly inform the house what progress is being made with respect to the negotiations between the C.P.R. and the three unions on the west coast and, second, what progress is being made with respect to the strike of the longshoremen on the west coast?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in the dispute between the west coast steamships and the seafarers' international union and the other two unions involved, Mr. Eric Taylor has been mediating with the two officer unions and the S.I.U. He has reduced the matters in dispute to four points at the present time. He is still trying to see whether these four points can be amicably settled.

With reference to the longshoremen's strike in British Columbia, I wish to advise the hon. member that I have been in touch with the representatives of both parties to the dispute by telephone. The parties met briefly last Friday in an effort to arrive at some basis for negotiation but were not successful at that time. Since then I have contacted both parties in an effort to have negotiations resumed. I am receiving regular reports from the conciliation officer of the Department of Labour who is on the scene. As the situation now stands, the question of pensions is the major issue in dispute, and it is my hope that this matter may be brought to a point where at least discussion may be resumed in the near future.

Mr. Howard: A supplementary question, Mr. Speaker. Could the minister indicate what are the four points remaining unsettled between the west coast steamships and the three unions involved?

Mr. Speaker: Order. That is not a responsibility of the minister, as I understand his responsibilities. He may answer if he wishes, however.

Mr. Howard: Mr. Speaker, I ask this supplementary question only because the minister indicated that with respect to the longshoremen's strike the major issue in dispute is the question of pensions.

Some hon. Members: Order.

Mr. Starr: Mr. Speaker, I have that information in my office. If the hon. member wishes it I will be glad to give it to him if he will contact me.

SUPPLY

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

Supply—Finance

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration, $2,369,041.

Mr. Pearson: Mr. Chairman, I am afraid the Minister of Finance is not going to have quite as easy a time as the Prime Minister has had with respect to his estimates. In rising to speak on the first general item I want to discuss, and I may have to do it at some length, one aspect of the work of the minister and his department. Later there may be one or two other subjects on which I shall wish to say a few words.

What I want to talk about at this time is the conversion operation about which the minister recently spoke on the air and on which he has spoken previously. This operation is now coming to an end.

This, Mr. Chairman, is perhaps a good time to discuss this matter. We on this side have made no effort to bring about a discussion of it at an earlier stage in the session. Our reason for not doing so was that whatever we might have felt about the operation—and we are certainly critical of some phases of it—nevertheless once the government decided to put it into effect it seemed to us the part of responsibility not to raise criticisms and doubts while the campaign for reconversion was proceeding.

Now, however, we have reached what I believe is the last week of the campaign, so far as working days are concerned. I understand the campaign concludes on September 15. Perhaps because the campaign is in its closing stages this is a more appropriate time to discuss it than earlier.

We on this side certainly do not wish to be accused of being responsible in any way for weakening the efforts that are being put forward even during the remaining days of the campaign. The criticisms we are making now are not in any way, shape or form for that purpose, but we do think we have a responsibility to the house and to the country to make these criticisms. We feel we should ask the minister some questions which have not yet been answered in relation to this operation.

As the committee knows, the amount being refunded in this operation comes to $6,416 million, which represents about 40 per cent of our national debt. This gives some indication of the importance and the magnitude of the operation. The minister said over the air, I believe on Tuesday night, that $5 billion worth of bonds had already been converted, which leaves about $1,400 million as of that date which had not been converted.

This conversion operation covers the fifth, sixth, seventh, eighth and ninth 3 per cent victory loans. The ninth does not mature until September 1, 1966 and the others mature at earlier dates. As the committee knows, for these victory bonds are being offered 25-year 4½ per cent bonds, 14-year 4¼ per cent bonds, 7-year 3¾ per cent bonds and 3¾-year 3 per cent bonds. The importance of this financial operation and its magnitude are very great and obvious, as I have said, and certainly the whole question warrants examination by this committee.

The operation has been interpreted by some in this country—especially, I think, by some banks and investment dealers and perhaps one or two advertising agencies—as bold, imaginative and courageous. It has been considered by some others as costly, unnecessary and unwise. Already some aspects of the operation have been criticized, and I think in some cases with justification.

I believe that a great deal of this criticism is based on the feeling that the Conservative leaders knew what they were saying when they campaigned so violently in the last election against the Liberal tight money policy. On March 15 of this year the Minister of Finance issued a statement on tight money which included these words:

> Under the new policy—

He was referring to Liberal monetary policy.

> —interest rates were successively advanced until they reached the highest rate in effect for over 20 years.

Later on in his statement he said:

> The provincial and municipal governments, farmers and businessmen who were obligated to pay the record high interest rate do not need to be told anything about this tight money policy.

He went on:

> Since it came into office on June 21, the government has sought to assist in bringing about a reduction in the interest rate prevailing.

These are excerpts from the minister's statement on March 15. What did the Prime Minister say at about the same time? Well, he said a good deal, but I shall quote only one sentence from a statement in Calgary on March 14, in which he said:

> Tight money is money, the interest rate of which makes it impossible for Canadian business to expand and develop.

In that statement, as indeed in other statements during the campaign, the Prime Minister attacked us on this side for high interest rates, and he claimed that this government had driven them down. There is no doubt in our minds and no doubt in the public mind what the Prime Minister and the Minister of Finance meant by tight money. What has the government done in this matter? In this conversion operation it has paid more for long-term government money, 4½ per cent,

than at any time since the depression of the 1930's, and it has fixed those rates by issuing 25-year bonds which are not callable. Perhaps it was necessary to do that as the only way in which they could market them. This high interest rate, of course, is the main appeal to investors and holders of those bonds. A very good indication of that fact is given in the circular issued by a bond dealer, Gairdner and Company, in its bulletin circulated on August 22, 1958, from which I quote the following:

> The argument which for the average investor must top all the others is the 50 per cent improvement in yield from 3 per cent to 4½ per cent, if conversion is effected into the long-term 1983's.
>
> The conversion bonds, notably the 4½ per cent of 1983, enjoy a higher rate of interest than any offered for 25 years. During 20 of the past 25 years, long term Canada bonds stayed close to the 3 per cent level. The conversion bonds are non-callable which means that for each of the next 25 years their return will be higher than at any time in the past 25 years.

What a change, Mr. Chairman, this represents from the previous position of the government in this matter, and what a retreat from their earlier words. It is just another evidence of glaring inconsistency between partisan attack and governmental action, the kind of thing that destroys confidence in our democratic and parliamentary system.

Before March 31 of this year my hon. friends opposite used to take the view that budgetary surpluses were always bad, a view which, if it were carried into effect, would have made debt reduction impossible. Before March 31 provincial and municipal authorities, mortgage borrowers and small businesses were led to believe that tight money was bad, always bad, even when inflationary pressures were strong, and that an easy, cheap money policy was invariably desirable.

On the other hand, Mr. Chairman, Liberal monetary and financial policies have, I submit, over the years been sound and consistent. This is what the Liberal party had to say at its last convention on fiscal and monetary policy, and it is the principle that guides us now:

> The Liberal party believes that monetary policy should reinforce fiscal measures in working for steady economic progress. This is necessary in order to safeguard the purchasing power of the Canadian people's dollar in times of high activity; it is also necessary in order to stimulate business and employment if activity slackens.

This policy, Mr. Chairman, which has been firmly and consistently followed by Liberal governments, has been based since world war II on the white paper on employment and income issued in 1945 by the previous government, which presented a broad and full statement of objectives of economic and financial policies. I suggest that the present government should now try to correct misleading impressions which it has created in the Canadian public mind about monetary policy and debt management. We should now have a statement from the minister clearing up some of the confusion that has been created in the minds of the public in this matter, stating in a formal declaration by the minister what the government is now recognizing in fact by the nature of the operation it has put into effect; namely, that it has abandoned its rigid and unwise policies in regard to monetary matters; that it has abandoned the view that tight money is always wicked, and that it accepts the view that monetary management is a good mechanism of economic policy to be changed, of course with due care, as over-all economic conditions change, and that it is to be used to protect the public interest.

What we would like to know, Mr. Chairman, especially in the light of recent action, is whether this government now accepts the broad objectives of economic and financial policy which I have mentioned as embodied in the white paper on employment and income of 1945. If not, what are the basic views of the government on fiscal and monetary matters? It seems to me that a statement of this kind is the only way to clear up present doubts and confusion and remove criticism. Such a statement, Mr. Chairman, would be a useful—indeed, I think it is an essential—background for an understanding of any discussion of this conversion plan and perhaps for an understanding of the fund-raising operations which will follow this conversion plan.

I said at the beginning that there has been some criticism, a good deal of criticism, in the country of this operation. Perhaps in some cases that criticism has exaggerated the undesirable features of the operation, but much of it, I believe, has solid foundation. It certainly reflects confusion and anxiety in the public at large.

Objections and criticisms have also been raised, not by this party but by the C.C.F. party, in the house. None of this criticism has yet been dealt with by the minister except through interjections such as "nonsense", "rubbish", "untrue", which do not really add very much to our understanding of the matter. Nor did the statement of the Prime Minister launching the conversion operation throw very much light on the nature and meaning of that operation. In his broadcast statement to the nation on July 14 the Prime Minister gave the impression that the so-called conversion loan was for

bondholders an investment in the future development of our country. That was his main theme, as the following quotation from the transcript of a recording of his statement will show. These are not excerpts from the press statement issued after the broadcast, which differ in some respects from the transcript of the broadcast itself, as the minister will discover if he compares the transcript of the broadcast with the press release issued on the statement.

Mr. Fleming (Eglinton): Copies of the actual text were available to all who wished them.

Mr. Pearson: That is right, and I am not attempting to make—

Mr. Fleming (Eglinton): I have not seen the press statement to which my hon. friend refers, but the full text of the speech has been available ever since it was delivered.

Mr. Pearson: That is right. But we went to the trouble of making a transcript of the statement of the Prime Minister as it was actually given over the air. We compared it with the statement that was issued, and there are some differences in the two texts. I am quoting from the transcript we made of the actual words of the Prime Minister, and this is what he said:

> Its success will add greatly to the strength of Canada's national economy and all that means to the welfare and security of all our people. It will include the fullest development of our resources. It will mean bigger and better jobs. It will mean a higher standard of living for every Canadian. It will mean the achievement of a great Canada.

And again from the same broadcast:

> I ask that all Canadians, and everyone who holds victory bonds, will now reinvest in Canada's future for a further period in order to support a constructive program for the future of Canada, for you and for your children and your children's children.

This is very eloquent but it does not bear much relationship to this particular financial operation. It is a visionary picture to advocate, to justify and, if I may use the expression, to sell to the public what is essentially a refunding operation. The Prime Minister admitted that himself when in his broadcast he also said:

> And I should perhaps make it clear that a conversion bond such as this does not involve any new borrowing on the part of the government.

That one short sentence destroys the whole case of the Prime Minister. Since a conversion loan does not involve any new borrowing it does not of itself involve any new investment leading, as the Prime Minister claimed, to the fullest development of our resources, to bigger and better jobs, to a higher standard of living, to the achievement of a great Canada. This conversion operation, in short, is not even a loan, strictly speaking. It is a refunding of past loans, a conversion of bonds which, in a significant proportion, would not have been maturing for several years, eight years in the case of the longest victory loan, the ninth.

I think, therefore, that the Prime Minister in his broadcast to the nation did not give the real reasons which led the government to undertake this operation at this time. It appears to me that on this occasion at least the Minister of Finance used more sober and sensible words to describe the conversion operation in a statement issued by his department on July 14.

Mr. Benidickson: He stuck to the text.

Mr. Pearson: He did not indulge in so much high flown eloquence but he had this to say:

> The minister explained that the refinancing plan is primarily aimed at reorganizing the national debt with a view to putting it on a long term basis and reducing for the government the amount of refinancing to be done over the next few years.

In this house on the same day, July 14, the minister stated, as found at page 2203 of *Hansard*:

> This conversion offer will perform the major and essential task of clearing the way for an orderly program of debt management over the years ahead. It will not, however, provide us with any new cash.

That makes it clear, of course, that a conversion operation has no direct relation to new development and contradicts the argument presented by the Prime Minister to the public. The minister, however, at that time and since has been very vague about the basic reasons which caused him to announce this operation. What does he mean, for instance, when he says "this conversion offer will perform the major and essential task of clearing the way for an orderly program of debt management over the years ahead"? Does this orderly program of debt management simply mean that the government is now facing a series of heavy deficits during the years ahead, that its new cash requirements will be very great indeed during those years, and that this conversion offer will perform the major and essential task of clearing the way for meeting a rapid increase in the public debt?

That increase is apparent, Mr. Chairman, in the fact that the government's new cash requirements for this fiscal year alone will exceed $1,400 million. Furthermore, the huge budgetary deficit announced by the minister, which may be greater than announced by him, did not have anything to do with any vision of development or with any so-called special works program. It was largely due to the current recession and the consequent

drop in government revenues and increased long term commitments, especially in the field of social security.

We have been warned by a well known financial economist, Mr. Harvey Perry, whom the minister knows as most of us do, that we might have a series of budgetary deficits until 1967, so the government would have to borrow important amounts each year during that period. Is it because the government accepts this view that it decided suddenly, after the budget was introduced in the house, to launch this conversion operation, thereby clearing the way for new and heavy borrowing in the years ahead?

Surely, Mr. Chairman, even at this late date in the session we are entitled to a sober and clear statement by the minister on the real reasons lying behind this major financial operation, especially after the Prime Minister's attempt on radio and television to dress up this so-called conversion operation in the patriotic colours of wartime emergency and grandiose national development. That is why I wish to ask the minister some questions. Perhaps he will be good enough to reply at the end of the discussion of this item of his estimates or at some time during that discussion convenient to him.

First, what is the cost of the operation? There has been a good deal of speculation about this. I know the difficulties in estimating the cost, but surely the government must now have some rough estimates even though precise figures may not be possible. Second, what is the cost of publicity, and what advertising agencies have been involved? I cannot say that I am much impressed by some of the advertising, especially that full page picture of the old lady with a new hat. It all must have cost a great deal of money and it has introduced, I admit, a new element into government financing in this country.

Mr. Bruce Hutchison had an amusing editorial—more than amusing; very shrewd —in the Victoria *Daily Times* on this aspect of the matter entitled "The Lady and the Hat." Perhaps the minister has read it. It included the following:

> A few years back any government advertisement was a cold, depressing statement of the facts and if it was a fiscal advertisement nobody but a bond dealer or an auditor bothered to read it.

Probably in the minister's eyes that justifies this new kind of advertising.

> Now we behold a life-size portrait of a quaint, twinkling lady with a funny hat who, we are told, has just bought one of the new bonds and safely arranged the security of her old age.
>
> Instead of boring us with statistics, the government announces, with a chuckle that the funny hat was bought with the premium on the bond. The lady, the reader, the whole nation is happy. The bond campaign becomes a great lark. Even the grim fiscal visage of Mr. Fleming relaxes as Canada goes deeper into debt.
>
> If high finance is such a jolly pastime why didn't we hear of it before? If debt is so profitable, so kindly to old ladies, by all means let us have more of it.

Well, we are likely to have more of it. That is the second question, the cost of publicity. Third, what is the amount of dealer commissions, bond issuing fees, delivery commission to banks and trust companies? Fourth, what is the total amount of premiums to bondholders? I know the minister cannot give us the exact figures.

Mr. Fleming (Eglinton): Premiums?

Mr. Pearson: Total premiums to bondholders; cash bonuses. While the minister may not be able to give us exact figures, surely he can give us same indication of what this is costing the country, especially in the light of reports that have been circulating. I have seen reports in reputable journals, including reputable financial journals, that if this operation is fully successful it will cost as high as $100 million. I have seen reports varying from $70 million to $100 million. Dividing those reports into the categories of costs I have mentioned in my request to the minister, there have been representations that advertising will cost $2 million; that commissions to dealers and agents will cost between $25 million and $50 million. This commission ranges from a quarter of one per cent to one per cent plus a quarter of one per cent bond-issuing fee. I have seen reports that the cash bonuses to holders will be as low as $37 million or as high as $60 million. These bonuses range from 1¼ per cent to 2½ per cent.

Then I want to ask the question, what are the additional interest charges that taxpayers will have to pay, which have been estimated to be as high as $100 million per year for the next 25 years? It depends, of course, on how successful the operation will be, but we learned last Tuesday that $5 billion has been reconverted and most of it, I suppose, into the 25-year bonds. There are only a few days yet to go in this campaign, so the minister should have some reasonably accurate estimates of this.

Then, and this is an important question, perhaps the minister could give us some information on who holds these bonds and who will gain most from the conversion. Dr. Brewis, associate professor of economics at Carleton University, had this to say on this point in an article which I read on July 22:

> Only a very small proportion of the victory bonds are held by the man in the street. I do not pretend to know the exact proportion but it could be of the order of 10 or 15 per cent of the whole. The great bulk are known to be held by financial

and other institutions and the success of the conversion will depend much more on their actions than on those of the private individual. To the extent moreover that the refunding is successful it will involve a transfer of income in favour of these institutions.

That is a quotation from Dr. Brewis's article. The Bank of Canada made its own breakdown on May 31, so far as the holdings of these bonds are concerned. The figures in that breakdown are as follows: the Bank of Canada, $1,300 million; the unemployment insurance commission, $300 million; the government, $100 million, and the chartered banks, $1,400 million. This gives a total held by the government and the chartered banks of $3,100 million. A leading supporter of the government in the other place raised this figure during a debate there a couple of weeks ago to $3,300 million. This leaves us with something over $3 billion to be accounted for.

What I should like from the minister is how this $3 billion-plus is divided as between institutional holders and private individuals. Again I know he cannot give us exact figures, but surely he must have some estimates of this. Surely he must have had some estimate of this kind of division before deciding on the terms of the loan or the kind of publicity campaign to be waged. Professor Brewis says that only 10 per cent to 15 per cent of this $3 billion is held by individuals.

Mr. Fleming (Eglinton): I do not think he said that.

Mr. Pearson: I am reading from his article.

Mr. Fleming (Eglinton): Just refer back to the article and you will find he correctly said he did not know.

Mr. Pearson: The professor said it could have been of the order of 10 per cent or 15 per cent. He has made his estimate, and perhaps the minister will give us his. I have seen another estimate that perhaps half this amount would be held by institutions and perhaps half by individuals, which would mean that about $1,550 million would be held by each.

Now, there is certainly little need to try to convince the institutions to convert their bonds. Surely they must have been delighted with this windfall dumped into their laps by a government which told them how patriotic they would be if they accepted it. In order to see what can be the magnitude of the gifts—I use that word because I think it is the correct word—involved in certain individual cases, let us use an illustration which may well correspond to a concrete and real situation. Suppose, for instance, that a life insurance company is holding $40 million of the ninth victory loan bonds which it is converting into the new 25-year bonds. This company, in converting, would receive a cash adjustment of $600,000, plus about 12 per cent of $40 million representing the additional and unexpected interest income for the period until September 1, 1966, when its old bonds would have reached maturity. This means that in this case, hypothetical if you like but not very far from reality, the company would receive as a gift out of this conversion operation an amount exceeding $5 million, or over $600,000 a year for the next eight years.

Well, what about the individuals? If we are to assume, and I do not think it is unreasonable to assume, that half this $3 billion or $1.5 billion is held by individuals, it means that this is the only group at which this high pressure, expensive campaign could have been aimed. I ask the minister, therefore, are the results justifying it in terms of the amount of individual holdings being converted, in view of the amount of money and effort spent on it?

I should like to turn now to another aspect of the question, that is the economic effects of this conversion operation in so far as one is able to determine them. In the course of these remarks I want to ask the minister some more questions. Possibly the most immediate effect will be that interest rates to provincial governments, municipalities and private borrowers will go up. This raises a question which the minister should try to answer or at least give us the benefit of his opinion. Will this conversion cause a rise in long term rates? If so, can we also expect later an increase in short term rates? Will we in this country be in the strange and paradoxical position of having at the same time easy money, in terms of supply, and dear money in terms of interest rates, a result brought about not so much by market forces as by government action? What will be the effect of those higher interest rates during a period not of boom but of pause or recession, in terms of economic stability and prosperity? How will this help to meet mounting unemployment? How and to what extent will these rates contribute to effective control over potential inflationary pressures, and there is no more important aspect of the problem than that? The minister dealt with it at some length, and rightly so, in his broadcast on Tuesday.

Then what is going to happen to the real value of the new bonds? Will it be eroded by the cheating process of inflation over the years? There is another aspect of the question with which the minister should deal. When interest rates are higher in Canada

than in the United States, more Canadians tend to borrow there and more people from the United States tend to lend here, and that pushes our exchange rate up and handicaps our exporters and as well increases import competition in the Canadian market.

I therefore ask the minister a final question on this aspect of the matter. Does he not think that the conversion loan will make interest rates higher in Canada than in the United States, thereby increasing the premium on the Canadian dollar? I am aware of the action taken recently in the United States has brought their interest rates down and in the last few weeks our exchange premium, probably because of that development, has gone down. But does he not think that the long term effect of this conversion, basing our interest rates at 4½ per cent, may have the possible effect of increasing the premium on the Canadian dollar?

What we want then, Mr. Chairman, is as full a statement as possible of all the reasons for this unprecedented operation; its advantages and disadvantages; its implications, direct and indirect, on our economy. There can be no intelligent appreciation and no intelligent discussion of the operation without a statement of this kind from the minister.

Finally there is one question I want to ask. I think I said "finally" a moment ago, but I assure the minister that this one is final. Why did the minister not announce this operation in his budget speech? At that time he described the government's borrowing program in the following terms, as found at page 1241 of *Hansard*:

> —during this fiscal year we shall need to sell bonds or other securities in a total amount of close to $3,400 million.

Of this amount $1,400 million was to meet the need for new cash to cover a deficit and $1,950 million to cover the marketable funded debt maturing during this year. Then less than a month later the minister announced the refunding loan amounting not to $1,950 million, as he indicated in his budget speech, but to $6,400 million. Why then did he not make that announcement in his budget, so as to permit us to have a full discussion in the course of that debate? Did he decide on June 17 not to take the house into his confidence then, or did he change his mind after June 17? If so, for what reason? I suggest that those are important questions, Mr. Chairman.

Perhaps in this connection I might quote from an editorial published in the *Financial Post* on July 19, which included this paragraph:

> It is interesting that this whole plan developed so rapidly. Only a little more than a month ago, the finance minister was talking about refunding on a bit by bit basis. This drastic big clean-up scheme originally evolved in a Toronto financial house, has brought a basic turn-around in government plans.

Mr. Fleming (Eglinton): That editorial comment—dealing with the statement of fact—has absolutely no truth in it.

Mr. Pearson: The minister is not denying that there was a change in plan?

Mr. Fleming (Eglinton): I am talking about that false statement in that editorial, about it being evolved in a Toronto bond house.

Mr. Pearson: We will leave out that statement because it has been described by the minister as false, and I accept the minister's statement. But the other statement stands, namely that there was a change in government plans between the time the minister made his budget speech and the day he announced this reconversion operation. We would like to know why this change was made and why it was not possible to give the house some indication of this operation in the budget speech. It certainly raises a very serious point.

I am sure the minister will want to clear up that point as well as some of the other points I have mentioned in this statement. For instance, some people would like to know why the minister felt it necessary to refund the eighth victory loan bond issue and the ninth victory loan bond issue at a time when there are still five years and eight years respectively before maturity in the case of these two issues. It has been contended that these bonds had been sold in good faith on terms agreeable to the buyers, to carry interest at 3 per cent to maturity. It has also been alleged that a great proportion of these bonds were held by banks and insurance companies and trust companies, which have agreed to convert them into the new 4½ per cent bonds, thereby receiving a direct bonus plus 1½ per cent more in interest per year for eight years in the case of the ninth victory loan bond, which alone represents a total of well over 12 per cent, as I have already stated, at 1½ per cent compounded annually for eight years.

We on this side of the house over recent weeks, as I have stated, have done and said nothing to increase any doubts the Canadian public might have as to some features of this conversion loan. In that respect I suggest we have acted responsibly. Even now, with the loan period nearly over, we are not opposing the purposes of this financial operation as an effort in debt management prior to an appeal for more money. Indeed, as I said, we do not have the main pertinent facts which would enable us to take a final position

on this issue. However, we blame the government and the Minister of Finance for the present state of confusion and of some suspicion because adequate information has not been made available.

We are now requesting from the minister a full statement on the various features and implications of this huge conversion operation which is of such great immediate as well as long term significance to our economy. Perhaps if the minister had previously answered these questions—most of which, if they have not been raised in the house have been raised by the public and in the press—he would find it less difficult now to fully reach his objective. Perhaps it is not yet too late to provide these answers and ensure the successful completion of this operation which, once it has been decided on, all of us feel should be carried through to a successful conclusion.

Our criticism is that we were not given information on these matters in this house at an earlier time and that many questions are left unanswered, including these questions I have asked, even at this late date in the session. Our criticism is that if these questions had been answered previously the doubts and uncertainty that have arisen might have been removed; that this operation would have been carried on in a better atmosphere than has been the case, and some of these blitz tactics which we read about in the press might not have been necessary. Before the estimate is passed I hope the minister will clear up those points.

Mr. Howard: I should like to make one or two comments on the subject matter dealt with by the Leader of the Opposition, namely the conversion loan program. I do not think it is necessary at this time for us to go into as much detail as did the Leader of the Opposition, because I and others in the C.C.F. party at a prior time during this session dealt quite extensively with it and laid the groundwork then, by the legitimate complaints we raised, for the comments made by the Leader of the Opposition this morning. Actually all we are doing in the conversion loan program is borrowing money to pay off debts that we incurred by borrowing money in the first place. Incidentally, I may say that borrowing had been done under a Liberal administration.

I listened with a great deal of interest to the comments of the Leader of the Opposition, hoping to hear some new and enlightened approach to the financial problems of this nation but of course my expectations and hopes in that regard were probably not too well founded. After all, we cannot expect much from either the Conservative party or the Liberal party with respect to a different type of approach to our financial problems and to control of the money system in Canada, because they both endorse the economic system and financial system that operates in this country.

I did hear from the Leader of the Opposition a sort of simulated angered condemnation coupled with what was actually an endorsation of that program, but so long as we remain married to our present financial system we will continue to have these problems arise, we will continue to be forced into debt, not only as the government of Canada but we will also drive other public groups into debt, notably the provinces and, what is even more serious, the municipalities.

The opinion of the C.C.F. has been expressed a great number of times in this house and elsewhere in the country about the necessity of maintaining control of our own financial structure in our own hands instead of leaving it in the hands of outside interests who from time to time can do nothing more than assist us to drive ourselves deeper into debt and to raise interest rates for ourselves and the provinces and the municipalities, not to mention the interest rates which individual citizens have to pay when they borrow money for various purposes. There is an old saying which is applicable in this case, by a person who said he did not care who controlled and who made the laws of a nation so long as he controlled and was able to issue the currency, and that is precisely the dilemma in which we are at the present time.

The provincial statistics show over the years a drastic and steady annual increase in the debt of those provinces because they could do nothing else under the circumstances but go into debt in order to finance their various projects. Worse still, there has been a drastic and steady increase in the total debt of the municipalities generally and in the debt of individual municipalities. Not only has there been an increase in the actual total amount of debt; there has also been an increase in the per capita debt and in the interest rates paid, all because our federal government is unable or unwilling to deal in a sensible fashion with the control of the finances of this country.

I have nothing more to say at this time. One could, as I have said, reiterate what we in the C.C.F. have said on many occasions previously in this session, and point out the effect that this conversion loan program will have on the municipalities and on bond rates and what it is doing in so far as tight or loose money is concerned. But that would be merely repetition and probably would not serve too useful a purpose at this time and, so long as this government is in office, it would not

serve too useful a purpose at any time in convincing the government that it is following the wrong road when it comes to the control of our own finances and our financial destiny.

Mr. McMillan: Mr. Chairman, I want to say a few words on this bond conversion program. I was surprised when I heard that the Prime Minister and the Minister of Finance had gone on the air as bond salesmen, and I really wondered what had come over them. I noted at the time that the early radio, television and press comments on this conversion really hailed the program, and I thought perhaps I had been taught the wrong concepts of mathematics.

I realized that due to the slackening economy our short term interest rate was approaching an all-time low. In fact, about the middle of last month it did reach an all-time low when the Canadian bank rate stood at 1.12 per cent and treasury bills at .87 per cent. I could not get out of my mind, either, that the average interest on the unmatured bond debt or the total debt of Canada stood at something under 3 per cent—2.98 per cent to be exact as of last March—and that when you took into consideration that the new long term 4½ per cent bonds would bear interest at something over 1½ per cent above our average, you could not help but feel that we in Canada would be spending many additional millions of dollars in taxes to meet this interest alone.

Every old bond issue was eligible for conversion into the long term 4½ per cent bond issue on which the commission was the highest, namely 1 per cent. Certainly this was an inducement to channel all possible outstanding bonds into the high interest long term bonds, and the advertising emphasized that the long term, high interest bonds were most desirable. As we look at the advertising even on the application form for a bond we see that the printing respecting the 4½ per cent long term bonds is in the larger type and the printing with respect to the other bonds is in progressively smaller type.

There was a statement that there were too many maturing bonds overhanging the market and that there was a need for tidying up the bond market. It is true that the fifth victory bond issue would come due next January and, as we have an election every four years, the eighth bond loan would not come due until after the next election and the ninth victory loan was not likely to come due until the election after that. In my mind it would seem that the minister certainly wanted no overhang. In fact, he trimmed it back so far that by no stretch of the imagination would any of these maturities bother him in the future.

I witnessed two transactions made in a bank, one for $10,000 of the fifth victory loan issue and the other for $5,000 of the eighth victory loan issue. The bank converted both these victory loan bonds into the 4½ per cent long term bonds, and the bank's commission was $150. The client holding the $10,000 3 per cent victory loan bonds got new 4½ per cent bonds plus $250, $51 of which was accrued interest and $199 of which was a bonus free of income tax. The cost to the Canadian taxpayers, therefore, to change this one $10,000 bond to the new 4½ per cent bond was $350 which, of course, includes the $100 commission plus $250 bonus, including of course the accrued interest of $51. This, of course, does not include the proper apportionment of radio, television and advertising costs to convince this man to change his bonds.

This bank clerk had heard the Prime Minister and the Minister of Finance make a great patriotic appeal to these victory bond holders to change their bonds to the 4½ per cent bonds. I think we should all help our country, and I could not help but be impressed with the upsurge of patriotism that must have been in this man's heart as he took $250 as a bonus plus a new bond with the realization that, thanks to the Minister of Finance, henceforth he would get $450 instead of $300 for the use of this part of his money.

I told a financial man that I thought some of these commissions were too high, and he admitted it. We were talking about the 1 per cent and the 4½ per cent bonds and he said, to quote his words, "It is a hell of a steal".

Mr. Fleming (Eglinton): Mr. Chairman, it is a rule of this house that a letter may not be referred to in the house without disclosing the name of the writer of the letter. The reference to a letter or the reading of excerpts from a letter can indeed lead to a tabling of the letter. Before any hon. member attempts to quote something said by someone outside the house he should be prepared to divulge the name of the person involved and the source of his quotation. It is not proper to use anonymous quotations. I submit that it is in keeping with the procedure and dignity of this house that we have some knowledge as to just who made statements of this kind so the house may have an opportunity of judging what value is to be attributed to such statements.

Mr. Habel: Send for the gestapo.

Mr. Fleming (Eglinton): I ask the hon. member that he bear in mind that he cannot make extraordinary anonymous statements of

this kind without telling us the name of the author and revealing the source of such statements.

Mr. McMillan: Mr. Chairman, I can get such statements from many people in the bond market.

Mr. Gour: Yes, very many.

Mr. McMillan: Yes. In fact, Mr. Chairman, I have heard many interesting statements made in my own riding.

The Chairman: It is indeed out of order to read a letter in this house unless the name of the writer is given.

Mr. McMillan: Mr. Chairman, at no time did I say it was a letter. I was simply relating what I was told by a financial man, and I do not think I should divulge his name.

Mr. Pearson: Mr. Chairman, surely in spite of what the minister said it is quite in order for an hon. member to make a statement to the effect that he has received from someone a particular piece of information and for him to give that statement to the house on his own responsibility as a member of the house, without divulging the name of the person who gave it to him. That has been done many times, and I am sure it has been done by the minister himself.

Mr. Fleming (Eglinton): Mr. Chairman, this is not a matter of information. It is a statement of opinion; a pretty irresponsible opinion, too.

Mr. Habel: People still have a right to hold opinions in this country.

Mr. McMillan: Mr. Chairman, I think the profits for the bondholders have been excessive. It is true that there has been a graded scale of commissions on these bonds, but they have been so generous that some of the bondholders in Toronto have been ashamed. I saw an account to that effect in the paper the other day. Some have offered to forgo some of the bond commissions in connection with big sales, and they have also taken on some of their own advertising. There is no cause for wonder in my mind that they agreed to participate so readily in this bond conversion.

Mr. Benidickson: And cancelled their holidays.

Mr. Fleming (Eglinton): Did you want them to go on holidays?

Mr. McMillan: Mr. Chairman, I have in my hand an advertisement in connection with these bonds in the form of a cartoon. It shows a man looking into a store window which contains a suit and a sign which states, "A brand new suit plus cash bonus for your old suit". That gives an idea of what some of these bond houses think of the amount of commission they were paid. I also have in my hand a full page advertisement inserted by the government of Canada in a leading publication, to which advertisement reference was made by the Leader of the Opposition. It shows a picture of a lady. I do not know whether or not the minister considers this to be a typical lady. Beneath the picture we find these words.

> Look who's wearing her "immediate cash adjustment!" Gracious! What next? A body can hardly keep up with things these days. What with dogs spinning around in the sky and all. And now all this excitement about changing over your victory bonds. I was sorry to see mine go. Had it so long you know.

I do not know whether that refers to her old hat or her victory bonds. I continue:

> But when the young man at the bank explained that these new bonds paid more interest. Well! I know a good thing when I see it. And besides, he gave me a nice cash adjustment—which I straightaway spent on a new bonnet. Like it?

I suggest that we should refer to this as a "Fleming" hat. It has the Fleming patriotic price tag hanging from one side. The hat is black probably, I suspect, in mourning for the taxpayers. At the top of the hat we find a bird nestled near the crown. The bird has its mouth open and looks hungry. I think it is probably symbolic of the hungry friends of this government, who doubtless are not so hungry now.

I do not know what this conversion will cost. The Leader of the Opposition took up that matter a few moments ago. I have seen all kinds of estimates ranging between $70 million and $100 million, but according to a statement made by the senator from Hanover in the other place the commissions alone will be $25 million.

Mr. Fleming (Eglinton): Mr. Chairman, surely it is within the knowledge of every hon. member of this committee that it is entirely out of order to quote statements made in the other house. The Leader of the Opposition did it this morning and he should know better. One probably cannot blame his followers for following that kind of example.

Mr. McMillan: Mr. Chairman, I probably should not quote what was said in the other place, but I can refer to what has been said outside the other place. The Minister of Finance has refused to give us an estimate of the cost of this bond issue and that seems very peculiar to me because the estimates for each year are brought down and the Department of Finance can have estimates for the

$5 billion expenditure. I believe the minister has been withholding information that should be given to this parliament.

Another and probably the worst feature of these bonds is that they are not callable. This is an undesirable feature from the standpoint of the Canadian taxpayers. I suggest that what I can only label as "Fleming's furtive, fanatic fumbling financing" will keep the nose of the taxpayer on the grindstone for the next 25 years. Probably at the end of that time the government might give the poor old man the grindstone.

Mr. Carter: But he will not have a nose.

Mr. McMillan: But if we continue with this kind of financing he will have a much rougher and tougher stone.

As to the interest itself, let us suppose the average increase in interest is only 1 per cent. I believe I am modest in selecting 1 per cent. One per cent on $6.4 billion is $64 million a year. That will be the extra interest required if the average increase is only 1 per cent. That money must come from the taxpayers of Canada. This would mean an extra cost of approximately $16 per head of every family in Canada per year.

This high interest rate does not begin to give the average increase in interest that the taxpayer will have to pay because of this loan. Dominion government bonds are the senior security, and they set the pattern for other bonds. Certainly the provinces, counties and municipalities will all pay more for the money they borrow for the provision of roads, schools and other services.

According to the press, the minister said the other day that interest rates will not increase. I am acutely aware that the minister could be right. If this government continues its policy of trying to divert trade and carries out its further announced policy of restricting trade, as Mr. Bennett did in 1930; if our economy stands still or continues to contract, as it has already, there will not be the same great demand for money and interest rates on those borrowings might not go up; in fact, they could go down. If the government does not interfere with trade too much, however, I feel that all our provinces, municipalities and corporations will have to pay more for money. Our industries will have to pay more for money, not only to meet the extra taxation to pay the interest on those bonds; they will also have to pay more money for their long term borrowing. This will certainly increase the cost of production at a time when they are trying to enter the highly competitive markets of the world.

Our government advances money to crown corporations, and here I think they will have to charge more interest. I saw in the press the other day that the government loan to the dominion coal board had been renegotiated at an interest rate of 3½ per cent to 4 per cent. The loan to New Brunswick for the Beechwood project was made at cost or very little above. If the average interest rate goes up I would think the loan of $30 million on that project will have to be renegotiated. In case it is not, we know that the interest rate will be subsidized by the people of Canada. Eventually houses will cost more; services will cost more, and it will cost more to educate our children.

As late as last January the minister was willing to accept the estimates of his predecessor as to income for the last fiscal year. Had he not meddled with the budget he might have had a surplus. Instead of that he had a deficit of $39 million, and he drew on the cash accounts for $163 million. I know that all along the minister has said that we had just a mild recession.

What has occurred in Canada in this time of mild recession? First of all we have a billion dollar deficit. I think it will go over a billion dollars when we take into consideration the gyrations of bookkeeping and the final supplementary estimates. We have had a cost of close to $100 million in connection with the floating of this loan; therefore I think the deficit will be away over a billion dollars. All the money saved in the last 10 years has been spent, and our debt structure has been rolled back to that of 10 years ago. We have higher unemployment and increasing relief rolls in my part of the country, something we have not had for some years. We have had a rapid depletion of the unemployment insurance fund, and the fund is now out of actuarial balance. It is rapidly approaching the point of jeopardy, and we all know that money will be required to be placed in that account, which will have to come from general taxation. We have a high increase in the actual cost of government, with no adequate provision for unemployment. We have a stationary or a contracting economy. We have an outlook of similar or increasing deficits.

Finally, we have a loss of confidence among the people who handle the financing of this country. If that is not so, why did they demand such a high interest rate for loans? On top of all this—as if this was not enough for the Canadian people to bear—the Minister of Finance is coming along and asking Canadian taxpayers to assume upwards of $100 million extra a year at a time when short term money is practically at an all-time low.

In effect the minister said he did not have to take anybody's advice. I cannot imagine

that any responsible person in the Department of Finance advised this financing. If they recommended anything more favourable to the taxpayers they could be overruled by the government. In support of the government's right and readiness to do so I can only quote the words of the Minister of Finance:

Let there be no question about that.

I know from the publication of the secret report that the Minister of Finance did not follow the competent advice of the Department of Trade and Commerce. In the budget there was a chance that the minister could have been right. In other words the economy could have picked up, but with respect to this loan he had no chance to be right. He has been wrong all the way. According to the press the minister spent a week end at Murray Bay with friends of the government, with the bondholders and financial men, and that was certainly a very expensive week end for Canadians.

The minister makes periodic statements—

Mr. Fleming (Eglinton): Completely untrue.

Mr. Pearson: Were you not down to Murray Bay?

Mr. Fleming (Eglinton): I was not there any week end, as you know.

Mr. McMillan: The minister makes periodic statements telling us how well the loan is progressing. I admit that the loan is probably progressing very well, but the better it progresses and the more bonds that are sold at the high interest rate the worse it will be for the taxpayers of Canada. When the minister announced the loan one would think almost everybody in Canada owned a victory loan bond and almost everybody would benefit. The highest estimate I have seen showed that the man in the street held about 15 per cent of those bonds, and that the rest were held by banks, trust companies, insurance companies and other rich financial institutions.

For the most part the man in the street does not hold these bonds. The man in the street, the small businessman, the white collar worker and the working man, will have to pay more taxes to meet the greed of the wealthy friends of this government. If the minister had started out to make the rich richer and the poor poorer he could not have devised a much better method. These bonds are discriminatory against many other Canadians who hold other long term bonds. Their bonds did not go up six points or so as the victory bonds did. Most of them went down.

In the light of those high interest rates, I said earlier that the municipalities would likely be required to pay more interest on their debentures. I met some municipal officials who were here last week attending the meeting of the Ontario municipal association. A number of them talked about selling debentures. I was talking to those from my own home town, for instance. They had debentures of $400,000 which were to be issued for the extension of the high school and for other capital expenditures. Earlier they went to financial houses in Toronto, but because of the conversion loan which was in progress they were told to go home, that nothing could be done for them now. They were also told that their interest rates would likely be up considerably over the last debentures they had sold.

I was told by another corporation in the Niagara district that they were about to float a loan to build a sewage disposal plant. They say they will definitely not go ahead with this operation if interest rates are too high. This situation is multiplied all across Canada. Municipalities that want to go ahead with projects will certainly not do so if they have to pay high rates for money, and this will not help the unemployed to get work.

I have a copy here of the August 3 edition of the New York *Times*. I think our government should borrow money at a more favourable rate than does industry in the United States or Canada. It is true that in Canada industrial and corporate bonds have fallen in price to get in line with these high interest rates, but the average bond yield in the United States as of August 2, taking 40 of the better industrial bonds, was 3.742 per cent. On August 3, for instance, United States Steel 4 per cent 1983's were selling at 102½. Alcoa 4¼ per cent 1982's were selling at 106. Alcoa 3⅞ per cent 1983's and American Can 3¾ per cent 1988's were selling practically at par.

What about foreign government bonds? Belgium's 4 per cent 1962 short term bonds were selling a little above par. Various issues of Brazilian bonds at 3¾ per cent were selling just a little below or a little above par. Denmark's 4½ per cent 1962's were selling above par. Hamburg city's 4½ per cent 1966 bonds were selling at par, with the same interest rate as Canada's new loan. Norway's 4 per cent to 4¼ per cent bonds for periods of up to 10 years were all selling above par. Yet Canada is paying 4½ per cent, as much as the city of Hamburg.

What is the situation lately with respect to financing in the United States? I note in the press that in its monthly letter for August the First National City Bank of New York states that the Canadian plan accomplishes at one fell swoop what the secretary of the treasury, Robert B. Anderson, has been attempting to work out over an extended period of time, and that the United States should have considered such a plan. In July of last

year the First National City Bank was advising the United States treasury to do the same thing. What did the United States treasury do? Mr. Anderson tried it in very small amounts representing a small percentage of the debt. While it is true that at the top of the boom in August of last year 91-day treasury bills stood at 4.17 per cent, by May of this year they stood at .62 per cent. The high rate was only very temporary. This shows how these rates can vary over a short term.

What has the United States done in the case of its last two bond issues? On May 15 they sold $1 billion, about one-third of one per cent of their debt, in 27-year 3¼ per cent bonds due May 15, 1985. They were sold to the public at a premium of about 50 cents per $100 and return 3.22 per cent. There was so much criticism of the treasury for selling an issue of $1 billion at such a high rate of interest that on June 15, in the refunding of $9.5 billion of notes and bonds coming due, the treasury sold two parcels, $1.8 billion in 11-month 1¼ per cent certificates and $7.4 billion in 6-year, 8-month bonds due February 15, 1965.

The Deputy Chairman: Order. I must advise the hon. member that his time has expired.

Mr. Fleming (Eglinton): May I ask that the hon. member be given such additional time as he may require?

The Deputy Chairman: Does the committee give unanimous consent to the hon. member continuing?

Some hon. Members: Agreed.

Mr. McMillan: I shall try to get over this quickly. The last issue to which I referred is to yield 2.58 per cent, and there was also $356 million redeemed in cash. I quote the same publication for July of this year:

> The decision to offer the 3¼ per cent bonds was taken in the face of much opposition, as it was argued that it would interfere with the federal reserve policy of credit ease by locking up into long term bonds funds needed by other borrowers—industry, state and local governments and home buyers.
>
> The further point was made that additions to the supply of long term issues will prevent interest costs from declining as much as needed to stimulate a revival of long term borrowing and encourage economic recovery. The idea is that the treasury should concentrate on selling short term issues to increase the liquidity of the economy.

How about Canada? A year ago I think our bonds were considered among the best in the world. Today we are racing very fast toward greater debt. The finance minister's insatiable demand for new money is making the financial people a little wary. They are losing confidence in the financial actions of the government. I think our finance minister has made our economy less liquid by freezing vast sums for a generation, thereby making us more dependent upon foreign capital in order to develop our resources.

You know, here in Ottawa we seem to get things a little out of focus. Much has been said about the cost of the printing bureau, and I would be the last one to condone any expenditures that were not justified. But the Minister of Finance, in extra interest alone over the rates we have been paying, has committed the Canadian taxpayer to the cost of building over 100 printing bureaus, one every three months, for the next generation, one almost every mile from here to Montreal.

Mr. Fleming (Eglinton): Is that statement the test of the hon. member's sense of responsibility?

Mr. McMillan: After the minister presented his budget last June I was impressed by the article written by Mr. Perry, the director of the Canadian tax foundation and a former senior official of the Department of Finance. Among other things he made the points that he believed the minister had overstated income by $75 million to $100 million, that the federal treasury would likely be worse off next year than this year, that our deficit would be close to $1 billion—we predicted it would go over $1 billion—and that a look at the prospects for the next decade left him not only disappointed but considerably shocked. This was all before the minister came out with his refunding operation.

The extra interest we will pay is enough to build the St. Lawrence seaway, the South Saskatchewan dam and extensions to railways, and then have money left over to pay for similar projects that might come along in future years. I heard a member of the Conservative party say that the government would go down in history. I say it will go down in history. I think Fleming's folly will be felt and will be discussed by taxpayers yet unborn. This government, in matters of finance, will be judged by the people of Canada in the light of the words of the Minister of Finance, words quoted so often in this house, "By their fruits ye shall know them."

I think the Minister of Finance, who has often bragged about this as being a great financial success in Canada, will only be able to brag about its bigness and nothing else. I think certainly the people of Canada will have much to regret before they are finished paying for these loans.

At one o'clock the committee took recess.

Supply—Finance

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Argue: Mr. Chairman, as has already been said by a number of members of the C.C.F. party during this session, we feel that the government bond conversion policy has been a very serious blunder and that it will add a tremendous burden of interest to be borne by the ordinary people of this country, the municipalities and the provincial governments as well as the federal government. We all heard the strong statements made by the Minister of Finance on previous occasions with regard to the so-called tight money policy of the former administration and the high interest rates that were resulting from that policy, but with all the faults of the former administration never to my knowledge did they at one fell swoop so add to the interest burden of the Canadian people as has now been done by the reconversion loan.

Mr. Benidickson: Over a period of 25 years.

Mr. Argue: The government as well as the Conservative party have said in two election campaigns that it would do everything possible to ease the financial burden of the municipalities and the provinces. How often have we heard in this house from members of the Conservative party that the former government had gobbled up the lion's share of taxation revenue, had starved provincial governments, and that this in turn led to the starvation of municipal budgets. But by this very action the government is adding a huge burden of interest and carrying charges to the budgets of provinces and municipalities, and undoubtedly it will make the provision of essential services throughout the country more difficult in the years ahead.

The Minister of Finance gave no inkling in his budget speech that this was to be done. Because that policy was not set forth in the budget, parliament was denied the right of discussing this policy during the formal budget debate. We have therefore been obliged to wait until the dying days of this session for an opportunity to discuss, in a formal way, the effects of this policy on the Canadian economy. By its financial policy the government is not only adding to the cost of doing business in this country and the cost of financing the Canadian debt, but it is providing a huge windfall to big corporations and to the wealthy of this country. I am afraid that the government by this policy is making it more difficult instead of easier for the economy to recover from the recurrent recession.

[Mr. McMillan.]

During its short term of office the government has erected trade barriers and has increased interest rates, but has failed to deal with the unemployment problem. The great public works projects about which we have heard so much are, with some notable exceptions, almost non-existent. I do not know whether the Minister of Finance would care to comment on the government's public works projects. However, as far as the province of Saskatchewan is concerned I know that the province is prepared to pay 50 per cent of the cost of constructing further east-west highways or north-south highways on the same agreed basis as for the trans-Canada highway if the federal government will participate.

Here is a province in Canada that is prepared to use its financial resources on a joint basis with the federal government in order to help solve unemployment within that province, and the federal government have said no. They talk about a public works program, but when they have a chance to proceed with a substantial public works program, such as that to which I have referred concerning highways, the answer has been no.

When the minister replies I should like to know to what extent the conversion of Canada's bonds has taken place. I should like to know particularly when the savings bond campaign this fall is likely to start. I have in my hand the Winnipeg *Tribune* of Thursday, August 28, 1958.

Mr. Nasserden: I wonder whether the hon. member would permit a question.

Mr. Argue: Yes.

Mr. Nasserden: How many millions of dollars is the provincial government of Saskatchewan prepared to put into a highway program?

Mr. Argue: I am not the spokesman for the Saskatchewan government, and I do not know the answer to that question. However, I know the federal government have had firm offers from Saskatchewan to participate on an agreed basis—on an approximately 50-50 basis—with the federal government in building a second trans-Canada highway across Saskatchewan and in building main north-south highways connecting with the United States. No one—and not the hon. member for Rosthern above all hon. members—can argue that Saskatchewan has not done well in the construction section of the trans-Canada. Saskatchewan is the first province in Canada to complete its section of the highway.

Because Saskatchewan is the first province to complete its section of the highway we stand in this position. In 1958 we are the

only province which can no longer obtain federal money for such a highway program. Saskatchewan's record is good. Saskatchewan is prepared, on a joint basis, to proceed immediately with a second trans-Canada highway going through Saskatchewan from east to west as well as with north-south roads. That statement may not answer the question asked by the hon. member with regard to dollar value, but I think it gives him a general idea of how much further the province of Saskatchewan is ahead of the hon. member's own government. This government have a works program that is still on the shelf.

Mr. Nasserden: If the hon. member would permit an observation—

Mr. Argue: Oh, no.

The Deputy Chairman: Order.

Mr. Argue: When I conclude the hon. member can make a 30-minute observation.

I was about to refer to an article appearing in the Winnipeg *Tribune* of August 28, coming from the *Tribune* Ottawa bureau. It talks of a very strong difference of opinion between the Minister of Finance and the governor of the Bank of Canada with regard to the timing of the savings bonds campaign for this fall. I am sure the minister will be quite prepared to comment on this article.

Mr. Fleming (Eglinton): If my hon. friend will permit me, I will reply to it right now and say that it is a scurrilous article, devoid of truth.

Some hon. Members: Hear, hear.

Mr. Argue: Mr. Chairman, I would not agree that it is a scurrilous article.

Mr. Fleming (Eglinton): Well, it is.

Mr. Argue: I do not think that is a fair comment about the man who has written the article.

Mr. Fleming (Eglinton): It is a very restrained comment.

Mr. Argue: I see that the minister is now getting back into his regular campaign style. The rumour was that we were all going to modify our approach to his estimates so we could finish some time either this week or next. The minister by his statement has now denied the truth of the article, so I do not think there is any point in my referring further to it.

I have made some reference to the problems with which the provinces are faced because of the increased interest rates resulting from the government's financial policy, and I want to refer very briefly to another aspect of that policy as it affects the provincial governments. Following the federal-provincial conference of last fall the government moved in this house to increase the amount of money, based on income tax, paid to the provinces, the increase being from 10 per cent to 13 per cent. Because of statements made by the Minister of Finance and because of the very definite promises made during the election campaign of assistance to the provincial governments, those governments believed that they would obtain an additional $62,203,000 as a result of this move. But because the Minister of Finance had in his statement and in his proposal a very definite joker, only the very minimum advantage has been gained from that proposal. There is no floor under the increase; therefore the amount going to the provinces is reduced as our economy slumps along during this period of recession.

Because our gross national product has not continued to increase, because we are in this state of recession, the benefit of this $62 million has not gone to the provinces. I would suggest to the minister that there should be placed in his legislation a floor which would provide a guarantee that at least 95 per cent —as has been provided in another instance— of this so-called increase will in fact go to the provincial governments. The Minister of Finance has not helped the provincial governments by this move as they were led to believe they would be helped; they have not received $62,203,000. Instead of having a further conference, as was very definitely promised, to help solve the difficulties faced by the provinces of this country, the government has made this new move to increase interest rates, which has brought about a very large increase in the financial burden of the provinces of Canada.

I am sure the Minister of Finance will make a very spirited defence of his policy, but the fact is that Canada today is in the greatest depression this country has seen since the thirties.

Some hon. Members: Oh, oh.

Mr. Argue: The members of the Conservative government can groan as loudly as they like, but if they had been in this house a few years ago they would have been very vocal in condemning the former government at a time when unemployment was a whole lot less than it is today. What a change in their attitude! Last session they all listened very carefully to everything that was said in this house; they were very attentive. They paid attention to every resolution brought in and promises galore were made, conferences were held and nothing was too good for the municipalities, for the provincial governments, for small business and for agriculture.

What is the government's score in so far as solving the major economic questions faced at this time by the Canadian people? Its score is zero. There is widespread and continuing unemployment and difficulty in the agricultural industry, and the government is now embarking upon a deliberate policy of making it more difficult for the provincial and municipal governments of this country to work out their budgets.

Mr. Benidickson: So far in this debate our discussion for the most part has been—and quite understandably so—on the point of the very big operation which the Minister of Finance announced with respect to the conversion of about 40 per cent of our matured debt.

The case of the opposition and the analyses from the opposition ranks were so well presented by the Leader of the Opposition and the hon. member for Welland, in such comprehensive and masterful ways, that I do not wish to say a great deal more on the subject. I was just wondering, however, if the thought would appeal to the minister that, by consent of course, on item 1 we might confine our debate at this stage to the conversion loan. There are, I am sure, other aspects which hon. members want to raise on item 1, and the Leader of the Opposition raised a number of questions to which I am sure the minister is prepared to reply. The ground work has been so well laid, and I am conscious of the fact that this may be the second last or third last day of this session that, as I say, I have very little to add; but—

Mr. Fleming (Eglinton): If I may say so, I think the suggestion of the hon. member is a good one. This seems to be the major subject so far as those in the opposition who have spoken thus far are concerned, and it might be well to continue with that particular subject to its conclusion in order to avoid a discursive sort of debate running to other subjects at this time.

Mr. Benidickson: I was thinking of *Hansard* and the opportunity for the public to get some sort of continuity in the debate on this subject. Of course I have some remarks to make on such matters as tight money, the Bank of Canada and so on, but I would not really want to relate them back, in view of that understanding, to the conversion loan. Therefore any remarks I might make at this point, if it is acceptable to the committee, might, along with the discussion of other hon. members, be confined to the conversion loan.

Although I could not possibly add very much to the extremely informed and inquiring remarks in the debate this morning respecting this conversion loan, my particular disturbance at the moment is chiefly the absence of a callable feature in the conversion loan opportunity which the minister has decided to make available to the investing public.

I would remind him that the last time, to my knowledge at any rate, when the wages of money were ever set at this rate was under a previous Conservative administration, I believe in 1934. There was a conversion loan then which was given promotion similar to that which we have had at this time, with advertising, ballyhoo and so on, under the previous Conservative administration, again at the same highest rate of 4½ per cent. But when they were converting the victory bonds of world war I on that occasion they did put in a proviso that within 10 years there would be an opportunity to call the bonds. The record shows that within 15 years subsequent administrations found that they could to the advantage of the taxpayers of this country pay off that obligation under the terms of the callable provision, and did so.

It disturbs me very much that we are obligated here for 40 per cent of our existing debt at a base of 4½ per cent interest. I thought the hon. member for Welland very clearly gave examples this morning of interest rates that are now being paid in other countries across the world. He mentioned, of course, the United States where rates might be low, but he also mentioned cities such as Hamburg and other places that are able to borrow money at less cost to the ultimate taxpayer than the Minister of Finance has decided to pay without interruption for 25 years. The lack of a callable feature disturbs me.

As I look at the biographical index the Minister of Finance will probably be 78 by the time these bonds come up for payment and redemption. I believe he has unnecessarily imposed a long term obligation on the people of Canada for a permanent 4½ per cent rate. I am also very disturbed about that. I am wondering what are the reasons for not having the usual feature of an opportunity for redemption after a certain period of time.

We know that a very small percentage of the individual people of Canada hold bonds and are given this opportunity for conversion. I do not wish to exaggerate that. In previous discussions of this subject—and only by question and answer, because the minister was not very informative on any occasion—I must say I rather doubted his assessment that there were two million Canadians holding this type of security. I have learned since, of course, that this is possible

because more than two million Canadians during the war years did subscribe to victory bonds in denominations of $50 or $100. If my hon. friend's calculations are based on that fact I want to ask him to inform the committee what knowledge the Bank of Canada has as to the number of those people who in the last 12 years have gone to banks to cash in these relatively small items.

In the figure of two million I believe the minister included many institutions which by the average Canadian are not looked upon as anything other than financial institutions. I will not attempt to repeat the effective arguments that were made by the Leader of the Opposition and the hon. member for Welland about these facts; we know that is so.

I question whether or not this terrifically expensive advertising campaign—for instance, the lady in the hat and so on, and I have another one about which I wish to remind the minister—is really justified if it applies to the holders of these small $50 and $100 bonds. The Leader of the Opposition asked just who was conducting this campaign. We would like to know something about that in so far as the advertising fraternity is concerned. I believe it is being conducted by the former firms of one of the chief advisers of the Prime Minister.

One of the first advertisements that appeared in connection with this promotion is on my desk before me. I have here the Ottawa *Citizen* of July 15, 1958. The advertisement is addressed to all holders of victory bonds. On approximately 50 television stations and 152 radio stations this was promoted by the Prime Minister and the Minister of Finance as a patriotic objective.

The Leader of the Opposition explained that very effectively this morning. But I ask hon. members of this committee, if we are considering something in the nature of a patriotic endeavour, whether or not they think such a full page advertisement has been properly designed if such words as "confidence" "stability" and "progress" get much smaller type than the type announcing the fact that Hon. Donald M. Fleming, Minister of Finance, is promoting it? What is more likely to appeal to the holders of these bonds? Is it the big letters used in this full page advertisement for the name of the minister, or would they think the advertising agent was not political and was more likely selling a worth-while product if emphasis had been given to the words that now appear in smaller print, "confidence" "stability" and "progress"? I believe that is worthy of consideration. There has been a great promotion campaign undertaken with respect to this conversion.

Questions were raised in the debate this morning with respect to cost. The minister challenged the hon. member for Welland to disclose the name of an informant. The hon. member for Welland said he had some verbal information from somebody who was associated with the banking fraternity. May I say that I am familiar with someone who is connected with the communications fraternity. He told me that two days after the launching of this promotion all local banks in this country were sent telegrams, presumably paid for by the taxpayers. The first one ranged in length between 1100 and 1200 words, and my informant told me that the calculated cost of sending it to a very small community in Manitoba would be $22. This was followed by a night letter of over 800 words in length, and my friend did not tell me what the cost of that would be. We all know how many branches of Canadian banks there are across this country. There is a blitz on—

Mr. Fleming (Eglinton): Mr. Chairman, may I ask my hon. friend who appears to have sent the wires of which he speaks?

Mr. Benidickson: Pardon?

Mr. Fleming (Eglinton): Whose wires does he refer to?

Mr. Benidickson: The wires, of course, came from the agent of my hon. friend, the Bank of Canada. The wires were sent to all branches of the banking system as agents. Doubtless they would have been sent to all investment dealers as well. Perhaps my hon. friend had a gross rate with respect to this type of communication. When my hon. friend replies to some of the criticisms with which we are concerned here he could perhaps explain this to us.

After what we heard from the Leader of the Opposition and the hon. member for Welland I believe we all recognize that it did not require this "hard sell" in so far as the institutional owners of these securities were concerned. They had a tremendous opportunity to improve their position.

The minister was on television last night I did not have the opportunity to see him, but I have talked to some others who did and I must say that they thought he was a pretty good salesman, and so on. Each of those hook-ups costs about $20,000, according to my information, and they are not designed to go to those 1,800,000 individual holders of $50 bonds I spoke about and the smaller number of people who hold $100 bonds. I would like the minister to give some indication of how many people we are attempting to approach who perhaps own $1,000 bonds, who are not institutional owners of government securities. Perhaps at this stage of the

committee discussion the minister would deal with the bond conversion program. As for me, except for interrogation on this particular subject, I will not unduly harass him because of the calendar situation.

The Leader of the Opposition—I still think of him as minister for external affairs—raised several specific questions of the utmost importance to the people of this country. The minister should reply specifically to those questions. Of course I imagine we shall have an opportunity in committee of supply further to interrogate the minister, but I am prepared to defer questions of a more general or of a broader nature until we have disposed of the matter of the conversion loan. There is no item in the estimates with respect to the conversion loan; therefore we must deal with it on the first item in the estimates. There will no doubt be some others who have questions to ask the minister, but probably by consent they will direct their questions to the minister at this point on the conversion loan only. Their rights will then be unlimited with respect to other points of administration in regard to the Department of Finance.

Mr. Crestohl: Mr. Chairman, I would like to address myself to another subject that has nothing to do with the conversion loan. I understood the minister to say that if there were no other speakers he might want to deal with that at once, and I shall reserve my privilege to continue with another subject later.

Hon. Donald M. Fleming (Minister of Finance): Mr. Chairman, if no other hon. members wish to address the committee on the Canada conversion loan of 1958, I shall now have very much pleasure in replying to some of the biting criticisms which have been heard in this committee today from the opposition benches with respect to this important national undertaking.

This morning the Leader of the Opposition complimented himself on, as he said, having acted responsibly in the days which have intervened since July 14 when the campaign was announced in this house until today. Mr. Chairman, having recognized that the Leader of the Opposition acted responsibly in his remarks in this house on July 14 and since by his silence, until today, one can only express great regret that today the hon. gentleman has chosen the opposite course. While one is ready to attribute to the hon. gentleman full credit for having spoken as he did on July 14 in a spontaneous utterance, one can only regret that apparently in the interval, and very recently, he has been permitting himself to be influenced by others.

I shall have something to say later, Mr. Chairman, about the compound of confusion and suspicion that characterized some of the utterances in this committee today. I say this to you. Although the estimates of the Department of Finance have been called several times or announced several times as about to be called at other stages of the session, in the light of the remarks that have been made here today, which if they are listened to or paid any attention to by the people of this country, could have harmful effects perhaps, it is well that the Canada conversion loan campaign was permitted to reach the present stage in its second last week before those harmful remarks, those mischievous remarks, those irresponsible remarks, were delivered in this house by hon. gentlemen opposite.

Let me review stage by stage the circumstances out of which the Canada conversion loan campaign issued. We as a government inherited from our predecessors the prospect of the maturity in rapid succession of a considerable series of bond obligations of this country. They are not confined to the Canada victory loans; but of the $10 billion in approximate figures that the people of Canada subscribed in response to appeals during the war in the nine victory loan issues, up to the present time four have matured and have been refunded or in part paid off. Five of them remain, and those five aggregate something over $6.4 billion, a tremendous share of the entire national debt.

As I pointed out in the statement made in this house on July 14, the difficulty is that these five series are falling due in rapid succession. One of them falls due at the beginning of 1959.

Mr. Pearson: Eight years.

Mr. Fleming (Eglinton): The next one is in 1960; the next one in 1962; the eighth in 1963; and the ninth in 1966. They are not the only bond maturities that fall due in those years. Indeed, there are numerous others, and we are faced with a situation where these maturities following one another in rapid succession must be met; for here we are dealing with something that is very precious, the credit of Canada. There is nothing that is more important to the well-being of the Canadian economy in all its aspects, in all its facets, than the national credit, of this country; for if that national credit is not maintained and safeguarded the credit of other institutions and individuals will correspondingly suffer, Mr. Chairman; for the national credit is basic to all our ideas of credit and all ideas of confidence in our country.

Mr. Benidickson: Still good because of surpluses of your predecessors.

Mr. Fleming (Eglinton): Mr. Chairman, we realize that my hon. friend should not be held too responsible for the things he is saying.

Mr. Pearson: Why does the minister not answer him, then? That is the only reply.

Mr. Fleming (Eglinton): It is out of my friendship for him that I am not answering.

Now, Mr. Chairman, there is with respect to a rapid succession of maturities virtually no room for manoeuvre on the part of the issuing authority. These are obligations which must be met as they fall due; otherwise serious and sometimes irreparable harm is done to the credit of the issuing authority. It is possible in some cases to anticipate a maturity and make an offer to those who hold bonds that will mature in the future to surrender them in return for some other form of security, normally under present circumstances in terms of a later maturity. But apart from that circumstance, Mr. Chairman, these maturities leave no room whatever for manoeuvring on the part of the national treasury.

We have other obligations which must also be met. As I indicated in the budget speech on June 17, it will be necessary for us to borrow. There is some leeway in the matter of choosing dates of issue of new securities designed to raise new money but, Mr. Chairman, as long as there is overhanging the national treasury a series of debt maturities following one another in rapid succession it will mean that the national credit will be a problem to preserve, and we will be faced as well with difficulty in raising new money as that becomes necessary.

That is the situation to which we fell heir. It is regrettable that these victory loan bonds were falling due in such rapid succession. It is regrettable that their maturities were not spaced out farther apart in the future. I am not going to be critical of those who were responsible for their issuance in time of war. Perhaps they did what they thought was best under the immediate circumstances.

Mr. Benidickson: Don't you think they did?

Mr. Fleming (Eglinton): But we have fallen heir to the problem of meeting these obligations and there, Mr. Chairman, is the problem. You cannot claim to have any effective policy of debt management as long as you are faced with heavy maturities in rapid succession, and at the same time with the necessity of going into the market to borrow new money. Debt management policies mean that you will have some regard for the spacing of maturing obligations, that you will have some breathing space, some room for manoeuvring in putting out your issues in search of new money.

I should like to say a word now concerning the condition of the bond market. The government is a debtor. The government must continue to be a borrower. One C.C.F. member said today that as long as we are going to have the present system you are going to have situations of this kind where the government has to offer obligations to people in return for maturing obligations, or borrow further money from them. He was right. As long as we have a free system in this country that is exactly the situation that any government is going to face. It must go into the market and borrow money there. It cannot go into the market and compel people to hand over money. It can do that when it taxes, but not when it borrows. Borrowing assumes that you find someone with funds who is willing to lend his funds to you, and the government as a borrower must find persons who are willing to lend money.

Mr. Benidickson: Could I ask the minister a question?

Mr. Fleming (Eglinton): I will ask my hon. friend to defer his questions until later, if he does not mind. In our free system that is precisely the situation that will obtain. The alternative is to resort either to compulsion or to the printing press, the former of which would destroy our freedom and the latter of which would destroy the value of our currency and wreak untold damage upon obligations and persons with fixed incomes.

Mr. Benidickson: You recently went to the printing presses for $400 million.

Mr. Fleming (Eglinton): If my hon. friend will persist in remarks of that kind I will have to make some comment in reply thereto. I hope he will accept that suggestion.

I said I was going to say a word about the condition of the market. Interest rates in this country, after a period of relative stability for some years, began to rise at the end of 1955. During the war years federal government financing did not face the competition that it faces today in the short, medium and long term markets with others who are seeking to borrow in those markets; therefore it was relatively easy for the government during the war to maintain the rate of 3 per cent.

Anybody who knows anything of conditions in the market knows perfectly well that if these five issues of Canadian victory bonds had been permitted to remain outstanding until maturity without any effort being made to reduce the outstanding aggregate the

federal treasury would have had to pay higher rates of interest in any attempt made then to refund them. So let it not be pretended that the rates in the Canada conversion loan represent something new in the way of an increase in the interest rate. Interest rates in this country began to rise at the end of 1955 and the former government experienced that increased cost in its borrowing starting at the end of 1955 and in 1956 and 1957, until the new government came into office.

Mr. Benidickson: Now we have the highest ever.

Mr. Fleming (Eglinton): Interest rates continued at that higher level until the autumn of 1957. If my hon. friend is talking about interest rates I will remind him, if he wants to take his mind back to the last long term issue of the former government, an issue of $150 million of 41½-year bonds on September 15, 1956—it was nothing like the amount we are talking about here, $6.4 billion, the largest financial undertaking in Canada's history—that they put out that issue at a coupon rate of 3¾ per cent but they sold it at a discount, and their true rate was 3.9 per cent. That was their rate on a long term issue.

Mr. Benidickson: A 16-year longer term issue.

Mr. Fleming (Eglinton): And, Mr. Chairman, it did not go nearly as well, even with that limited objective of $150 million, as our conversion loan issue has gone so far. If hon. members opposite want something further I remind them that on December 15, 1956, they put out a one-year issue and the effective rate on that issue—let us not be concerned about the coupon rate but the effective rate, having regard to the discount at which they sold it—was 4.31 per cent. There is the last borrowing of the former government in the open market, 4.31 per cent, and that issue involved $250 million, a mere fraction of the amount we are dealing with here.

Surely, Mr. Chairman, any legislative body in a free society that knows how the laws of supply and demand work, and that they work in the money market the same as they work in any commodity market, knows that the more money you have to raise at any particular time the greater the demand is and the greater the pressure on supply, and as a result you have to pay more. Well, Mr. Chairman, that was the situation which confronted us. Our last borrowing was in April, and we were successful in that borrowing. It will be remembered that we put out a series of four maturities last April and out of those realized the substantial total of $950 million. We paid an interest rate of 2.94 per cent on a one-year and two-month bond. We paid, and I am speaking here of effective yield, a rate of 3.35 per cent on the second bond, maturing in May, 1961. We paid an effective rate of 3.71 per cent on the bonds maturing in 1970, and on the longest term maturing in 1978, we paid an effective rate of 4.01 per cent to maturity. Those are the rates on the last borrowings by the federal government before we come to the Canada conversion loan three months later.

What had happened in that period? Well, we have seen in the market in recent years, Mr. Chairman, a trend toward the issue of short term maturities. The longer term maturities have not gone as well or as rapidly as the short term maturities. This is something any issuing authority, whether it is the federal, provincial or municipal government or private business, must take into account. There are some factors in the long range aspects of the problem which must be considered and be taken into account by any issuing authority.

Mr. Benidickson: Just for the record, it is not debatable—

Mr. Fleming (Eglinton): I told my hon. friend that I would take his questions later, if he does not mind.

Mr. Benidickson: The statement of my hon. friend was really—

Mr. Fleming (Eglinton): I indicated a while ago that I would take his questions later, if he can contain himself.

It was our expectation, as I indicated in the budget speech of June 17, that with the heavy borrowing program we faced this year, the heavy bond marketing program necessitated in addition by the heavy maturities within the period of this fiscal year as well as the necessity for raising substantial new amounts of money in the market to meet our obligations, both those represented by our budget debt and our non-budgetary necessities, we would go forward on a basis of spreading out these offerings to the public.

I stressed in my budget speech, Mr. Chairman, that there must be a relatively flexible approach to this problem on the part of the federal government. At page 1242 of *Hansard* for June 17, 1958, in the budget speech, this is what I said:

> Government policy regarding the management of the public debt cannot follow any rigid formula; it must be adapted to economic conditions and to market requirements. While I do not propose to place an undue burden on the longer term bond market, it is most desirable to keep our maturing debt reasonably spread out over the years. To refinance maturing issues cheaply in the short term market would only build up greater difficulties for ourselves two or three years hence. It will be our aim to offer acceptable volumes of longer term bonds whenever suitable opportunities

occur, and to spread the remainder sensibly between short and mid-term maturities.

While the prospective increase in our debt will be quite substantial during the next year or two, the net burden of the public debt will remain well below what we carried quite easily only a few years ago.

I indicated there, Mr. Chairman, the necessity of preserving a measure of flexibility in our approach to this problem, and not being tied down to any rigid formula. What we have done since has been completely in keeping with that principle.

Now, it was a change in the market condition which was occurring at that time which necessarily had a very direct influence on our thinking and our approach to the problem of borrowing. Beginning on June 16, the day before the budget speech, there set in in the financial markets of the United States a rapid weakening which affected the strength of the bond market immediately, and that communicated itself to Canada as any weakness in the market in the United States does communicate itself to Canada. We had to take account therefore, of this weakening influence in the financial markets in the United States, a situation where yields were rising and the quoted values of securities of even the highest authority, the federal government, were dropping rapidly.

What happened in the United States in the middle of June continued, and has continued since. This situation was described in one of the leading financial periodicals in the United States, the regular letter of the Bankers' Trust Company, in these words:

The financial community has just witnessed a most unusual occurrence: the government bond market has undergone a precipitate drop—

Note these words, Mr. Chairman:

—a precipitate drop at a time when business activity is near its recession low following the sharpest decline since prewar days, and when the federal reserve has been furnishing reserves to the money market in massive amounts.

That is a United States estimate of the weakening that set in in the financial market there, and which had an immediate effect upon the values of government bonds in that country. We felt the result of that weakening and so, taking cognizance of the situation, we decided at that time to postpone any attempt to go to the financial markets of this country to borrow money on a new issue. In order to meet the temporary situation, as I fully explained to the house in my statement on July 14, we arranged temporary financing through the banks and the temporary financing is to continue until December.

In the meantime, Mr. Chairman, we undertook a measure by which we sought to bring, and I have no doubt have succeeded in bringing, abiding strength to the bond market in Canada, and for the purpose and with the result of strengthening the position of the federal government and other governments in that market. This is our concern, that for whatever causes the federal government may have to go to the market for borrowings, we shall go there on as favourable terms as we can obtain. No minister of finance of this country is ever going to go to the bond market on terms that are any more generous than he has to pay to borrow the money he requires.

Faced with this situation, we turned to the Canada conversion loan as the largest financial undertaking in Canadian history, and designed to bring strength to the whole structure of borrowings in this country.

I do not need to go over the ground I have covered in previous statements in the house. This measure offers us an opportunity to bring about some control over our debt maturities that could not have been accomplished in any other way. The Leader of the Opposition talked glibly this morning about debt management, yet he condemned the one effective way by which debt management policies may be put into effect in this country. What is the use of talking like that? It is action that is required, and this conversion loan will do more to make it possible for the government to have some control over debt maturities and put into effect policies of effective debt management than anything else that could have been done under the circumstances.

I have indicated, Mr. Chairman, how these rates are set. The Minister of Finance, in going into the market, goes there to make his borrowings on the most favourable terms he can obtain. Those from whom the money is to be borrowed naturally are looking for the best rate they can obtain, and it becomes a matter then of arriving, in accordance with the estimate of supply and demand in as fine a scale as human judgment will permit, at those terms which will attract the money that is required to be borrowed on behalf of Canada. That is the way it will always be as long as we have a free economy in Canada.

Of course, if we are asking people in this country, to lend money to us for a longer period, anybody who knows anything about the bond market in recent years knows that we must be prepared to offer inducements, for the longer term market in these recent times has been more elusive by far than has the short term market and the yield rates in the long term market have been substantially higher than those in the short term market.

Wanting as we did to postpone into the future the maturity of as much as possible

of this $6.4 billion of debt, we naturally set the most attractive rate for the longest maturity. Therefore we established the rate of 4½ per cent as the coupon rate on the 25-year maturity. The shorter maturities have a lower rate of interest. Indeed on the shortest one of the new issues, namely the 3¼-year issue, we pay just 3 per cent, exactly the same rate as that on the victory loan bonds. That fact has not been mentioned in this debate. That fact has not been mentioned by hon. members opposite. They keep talking as though all of the new bonds are to be issued at 4½ per cent. The seven-year issue pays 3¾ per cent. The 14-year issue pays 4¼ per cent. Thus, Mr. Chairman, these maturities are adjusted with a view to tapping at these various periods of maturity the interests and convenience of those who hold these bonds so that if they do not wish to go into one of short maturity, they have other opportunities which may be attractive to them. In that way we will obtain conversion of just as much of this $6.4 billion as possible. The interest rates are realistically set with reference to these maturities and they are realistically set having regard to the factors at work in the financial market.

Something has been said, Mr. Chairman, about what the Leader of the Opposition called the premium or the bonus. He was referring to what is more properly called the adjustment payment. An adjustment payment had to be paid. How otherwise could you equate, for the purpose of qualifying for conversion into any of the new issues, five maturities at different periods which, although they had the same interest rates, were quoted at different values in the bond markets because of the different maturities? You could not equalize them except by some cash payment adjusted to the differences in the market price on those five outstanding victory loan issues. That was the function of the cash adjustment payment. Is fault to be found—

The Deputy Chairman: Order. The minister's time has expired.

Mr. Benidickson: Carry on.

The Deputy Chairman: Will the committee give the Minister of Finance unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): I thank the committee, Mr. Chairman.

Those who are responsible for promoting the conversion are not to be blamed because they have sought to focus attention on the 4½ per cent coupon on the 25-year bond or on this cash adjustment payment. Naturally these offerings are put before those who hold these victory loan bonds in their most attractive form. But these are necessary factors in seeking the response. And what a response it has been. I will make this frank statement. Little did I think when this campaign was announced on July 14, facing as we did the period of the summer when a great many people are away from home, that by Labour day we would have reached the figure of $5 billion of conversions. I think that, in the eyes of all Canadians, is an achievement of which to be proud. It points to the confidence which Canadians have in their own country the best security in the world, the one that we want Canadians to look upon as the best security in the world. I refer to Canada's credit, Canada's promise to pay.

The response of the Canadian people has been magnificent. I am thankful, Mr. Chairman, that we obtained the conversion of the $5 billion before hon. gentlemen opposite today opened up their attack on Canada's conversion loan. Certain it is that, if the people of Canada pay any attention to these irresponsible attacks, they are not going to help us in our efforts in this final period, the last ten days of the campaign, to reach just as many as possible of these bond holders who have not yet converted their bonds. Our effort, Mr. Chairman, has been geared to a program in these last ten days to reach everyone that we can possibly reach. That is the reason for the publicity campaign. We want to reach every victory bond holder. Many of these bonds are held in small amounts. Many are in bearer form. They are scattered about in safety deposit boxes and other places of safekeeping. We must bring this message to every small bond holder. It is the small bond holder in particular whom we are trying to reach with the aid of this publicity campaign. Yet hon. gentlemen opposite complain of it.

An hon. Member: Shame on them.

Mr. Fleming (Eglinton): That is the degree of responsibility with which they have approached their part in this great national effort.

Mr. Pearson: We are to keep quiet?

Mr. Fleming (Eglinton): No.

Mr. Pearson: We are to be gagged?

Mr. Fleming (Eglinton): The hon. member prided himself today on having kept quiet on this subject since July 14. He prided himself on having kept quiet. Does he pride himself today on having unleashed this attack upon Canada's conversion loan?

Mr. Benidickson: It is not on the small investors; it is on the government's position.

Mr. Fleming (Eglinton): This conversion loan, throughout the length and breadth of Canada has exceeded all our expectations. It was hailed everywhere in all parts of this country as a forward step that promised great good for Canada in the future. But there were exceptions.

Mr. Pearson: There certainly were.

Mr. Fleming (Eglinton): There were three newspapers of anti-government persuasion which did not like it. However, I will say this for the newspapers across Canada. With relatively few exceptions they applauded the announcement and urged support. I will refer to only two of these newspapers, Mr. Chairman. Here is the Toronto *Daily Star* in its issue of July 15. It certainly is no supporter of the government. This is the editorial. I will pass over the parts in which they make a kindly reference to the television program of the previous night in which the Prime Minister and I had taken part and announced the campaign. They stated as follows:

> The big, new loan is a bold step. Over the next six years about $6½ billion in wartime victory bonds are coming due. To refund them as they come due would require floating very large new loans about every six months. This would have an unsettling effect on the bond market. Encompassing the whole caboodle in one vast issue—the greatest financial operation in Canada's history—should stabilize the bond market and make it easier for lesser governments, for instance, municipalities, to float what loans they require.

Mr. Benidickson: Mr. Chairman, were they not quoting the minister?

Mr. Fleming (Eglinton): That is the Toronto *Star*, a leading Liberal newspaper. Let me give one more, Mr. Chairman. I will take time to give only one more. This is from the Montreal *Star*, a paper which does not pretend to give any measure of consistent support to this government. Here is what they said in their editorial of July 16:

> The government's decision to go all out and, in one huge operation, clean up its overhanging debt conversion program deserves to succeed. The timing is good and the plan, so far as can be judged, is an attractive one.

I said there were exceptions; there were three exceptions, and one of them, of course, was the Winnipeg *Free Press*. It seems now that after a good beginning on the part of the Leader of the Opposition on July 14, the Winnipeg *Free Press* has called the tune and the official opposition opposite have knuckled down and they are today following the line set by this publication.

Mr. Pearson: That is childish and the minister knows it.

Mr. Fleming (Eglinton): What the Leader of the Opposition is doing is childish, in following the line of the Winnipeg *Free Press* and not following the sound, responsible and patriotic line he followed in this house on July 14.

There was mention today of a biblical expression which I have used in this house on a number of occasions, "By their fruits ye shall know them." What then has been the effect of this Canada conversion loan on the condition I have described, which provided the background for our decision in that respect? The effect, if a comparison is required, is measured by the fact that conditions in the United States have continued as I described them earlier. There have been drops in some of the gilt edged federal securities over there of as much as 9 and 10 points on an issue in the period since last spring. What has been the result in Canada? What has been the condition which has followed this conversion loan? Mr. Chairman, I am thankful to say that we have stabilized the Canadian bond market.

Some hon. Members: Hear, hear.

Mr. Benidickson: The non-victory loan bonds?

Mr. Fleming (Eglinton): We have achieved a degree of stability in the Canadian bond market which is the envy of the United States.

If I had time I could refer to many expressions of admiration for what has been done here which have been uttered in the United States. The benefits of the stabilization of the market will not only accrue to the federal government, they will also accrue to the provinces, to the municipalities and to private business in respect of the borrowing they must undertake.

Mr. Benidickson: The high interest rates?

Mr. Fleming (Eglinton): The effect has already been reflected in a most impressive drop in the rate we have to pay on short term money, the rate on treasury bills. In fact, the treasury bill rate in recent weeks has reached the lowest point in years in this country.

Mr. Benidickson: Then why is the long term the highest?

Mr. Fleming (Eglinton): Much of the benefit of that condition is attributable to the Canada conversion loan.

It was pretended here today that somehow or other this had had the effect of causing the market to close to other borrowing authorities including the provinces and municipalities. Nothing could be further from the truth. The fact is that in the first eight months of this

year, to August 31, the amount of public borrowing in Canada far exceeded that of 1957. Here are figures which were published in the press two days ago:

Total Canadian public bond financing during the first eight months of this year amounted to $2,321,844,865 compared with $1,416,177,420 for the same period last year.

Mr. Pearson: What has that to do with it?

Mr. Fleming (Eglinton): It has this to do with it, that our conversion loan has not had the effect of squeezing other borrowers out of the market.

Mr. Pearson: How much of that is since July 14?

Mr. Fleming (Eglinton): Perhaps not a great deal of it.

Mr. Benidickson: Give us the figures, then.

Mr. Fleming (Eglinton): Because dealers have been devoting their efforts—and I am thankful for this, as I would have hoped the hon. gentlemen opposite would have been thankful—principally to making a great success of the conversion loan as the greatest financial undertaking in Canada's history. With that out of the way there will be every opportunity for other borrowing authorities to go into the market and expect the attention they would like to have.

There have been some criticisms with which I would like to deal fully and frankly. It is not a matter of choice on my part, believe me, that the remarks I am making are as long as they are, but hon. members opposite have evidently attached a great deal of importance to this matter. I think six or seven hon. members—

Mr. Pearson: Three.

Mr. Fleming (Eglinton): My hon. friend does not lead everybody in the opposition. I believe at least five or six hon. members have spoken on this matter today and I think in fairness I should deal with their criticisms.

I have referred to the fact that the Leader of the Opposition made a statement on July 14, which is to be found in *Hansard* at page 2203, and which I think was a model statement on the part of a responsible Canadian. He welcomed the announcement made that day and he called it an important statement. He said that it was the largest operation of its kind in our history, even in our wartime history, and I will read some of his words on that occasion:

He has emphasized—

Referring to myself.

—quite rightly that for it to be successful it will require the enthusiastic co-operation of everybody concerned, and as I said in my contribution to the budget debate, Mr. Speaker, all Canadians will hope that he will get that co-operation and all Canadians must hope that this operation will be a success.

That was a responsible statement. And then the Leader of the Opposition pointed to the fact that we in this country were entering upon some very difficult and complicated financing and—

—refinancing moves which the minister has outlined to the house previously, and this is the first and a very important stage in what he himself has called a major financial operation. I repeat that we as Canadians must all hope that this operation will be a success and that, above all, the stability of our currency will be maintained throughout the operation. Of course, while all of us hope that, we cannot but help feel anxious about the effect on monetary policy and on inflationary pressures of the operation which is now beginning. We hope that effect will not be harmful, and we hope these inflationary pressures will be held in check. We will all be following with great interest the progress of this very important refinancing campaign.

Mr. Pearson: We have been.

Mr. Fleming (Eglinton): Why, Mr. Chairman, why has the Leader of the Opposition fallen from the high sense of responsibility reflected in that statement to the low state of irresponsibility reflected in his remarks in this house this morning?

We will have to re-assess in the light of this experience the value and the importance we should attach to statements of the Leader of the Opposition in the future if it is going to be open to him to make such a complete somersault in his position and to abandon responsibility in favour of irresponsibility.

All members of the Liberal party in this house, however, are not quite in that category, and I wish to say, not to score any debating point but in a desire to pay a tribute to them, that there are two hon. Liberal members of this house who are mayors of their own municipalities and who have taken what I think is a patriotic and responsible course in commending this campaign to their people.

Firstly, the hon. member for Outremont-St. Jean wrote to me on July 25 in reply to a letter which had gone out to all municipalities holding those bonds, in which he said the following:

I believe the city of Outremont holds approximately $290,000 of the bonds exchangeable for the new loan and at its next meeting of August 6 a resolution will be presented in order that these bonds may be converted immediately.

These bonds were converted and I thank the hon. member for Outremont-St. Jean for the support he engendered on the part of his municipality.

Then the hon. member for Fort William, who is mayor of that important city, caused to be sent to me through the clerk of the municipality a statement that he had issued

at the time of the announcement of the loan, saying that the mayor had requested this statement to be sent to me. The following is an extract from the monthly radio report of Mayor Hubert Badanai M.P., to the people of Fort William:

In his budget speech of June 17, the Minister of Finance made reference to the government's intention of offering large blocks of bonds to meet the government's commitment and spending for the fiscal year of 1958.

On July 14, Mr. Fleming announced the new conversion loan. The purpose of my reference to it, is to recommend to all present holders of victory bonds to avail themselves of the opportunity of converting the old for the new, which offers a higher and attractive rate of interest.

The support of all Canadians for the new loan has been asked and I feel it is my duty to support the Minister of Finance and the government to the end that this great financial transaction may be a great success from which directly or indirectly every Canadian will benefit.

Mr. Chairman, it is but a few days ago in this house that some C.C.F. members chose on a motion for interim supply to embark upon a very bitter attack upon the government and upon the Minister of Finance in particular for this Canada conversion loan. Things were said by them during the course of that debate which if they were said outside this chamber and without the benefit of the privilege of this chamber would be defamatory. At the very time they were bitterly making these statements I received a letter from the secretary-treasurer of the Canadian Labour Congress, Mr. Donald MacDonald. He wrote me as follows:

Dear Mr. Fleming:

President Jodoin has referred to my attention your letter of July 12, in which you advised of the new Canada conversion loan of 1958 offered by the government of Canada, and recommended the participation of the Canadian Labour Congress in this project.

You will, no doubt, be pleased to learn that the congress has decided as a matter of policy to convert all unmatured 3 per cent victory bonds presently included in its investment portfolio into the new conversion issue.

Trusting that this may prove of interest, I am

Yours sincerely,

Signed Donald MacDonald
Secretary-Treasurer

I thank the Canadian Labour Congress for that response to the Canada conversion loan.

And now, Mr. Chairman, I pass on to the criticisms we have heard on other accounts. We are told that this has been of benefit to the big investors and the big holders. I will come down in detail to answers to certain questions asked here today by the Leader of the Opposition and I will have an opportunity of exploding the baseless and misleading statements he made, but let me content myself with saying this. Our effort in this campaign, and one reason we have sought to make use of the various media of publicity, is to bring home to every holder of these bonds, even to the man who holds a $50 bond, the advantages that will accrue to him through this conversion and to see that he has the same opportunity of knowing about these advantages and making up his mind in the face of them as any holder of larger amounts of victory bonds.

Something was said about the commissions. I will have something to say specifically about that. I think it would be convenient at this point to turn to the series of questions that were asked today by the Leader of the Opposition. Apparently the brain trust in the Liberal headquarters has been working overtime and, of course, this means that the lamps have been burning brightly in the Winnipeg *Free Press.*

Mr. Pearson: That is very funny. You have a great sense of humour.

Mr. Fleming (Eglinton): I am glad we can both laugh about it.

Mr. Chairman, the Leader of the Opposition challenged me to talk about the cost of the operation and the cost of the publicity. He gave his estimates of these various elements of cost. I wish to place on the record the figures I have on this and although they are not absolutely final as things stand at the moment they are from responsible sources and I ask that they be compared with the figures the Leader of the Opposition was content to plaster on the record without regard for the mischief that might thereby be created.

The hon. gentleman asked first of all about the cost of publicity and he said his figure was $2 million. The actual budget for publicity is $1,500,000. That is one fortieth of 1 per cent of the total amount we are seeking to convert. Let me say this. If we had let these five issues of victory bonds ride along to maturity we would then have had to face the problem of publicity costs for five new loans to provide the money to meet these maturities on a refunding or other basis. Here we are getting five campaigns rolled into one with all the savings that come in publicity in rolling those five into one.

In the second place I stress the fact that we conceive it to be our duty to carry this information to the man who is a small holder of bonds, the man who may not be very experienced in dealing with bonds and who may hold a bond valued at $50, $100 or $500. If we had not undertaken this publicity campaign we would have been accused by hon. members opposite of being

interested only in seeking conversions by the large holders of these victory bonds.

The next question dealt with the dealers' commissions. I was told that we had not given adequate information to the house on various aspects of this Canada conversion loan. Mr. Chairman, I put all the information about the commissions on record in this house in reply to questions asked by the hon. member for Kenora-Rainy River and that information is to be found in *Hansard* of July 30. There I pointed out that the commission paid is graduated according to the maturity. Naturally, when we are urging people to convert their bonds into the most distant maturity the harder selling is there and we wanted to create as much incentive as we could in that quarter. The rates of commission that have been set are entirely reasonable and realistic. They were one quarter of 1 per cent on the 3 per cent bonds, one half of 1 per cent on the 3¼ per cent bonds, three quarters of 1 per cent on the 4¼ per cent bonds and 1 per cent on the 4½ per cent bonds.

Then, Mr. Chairman, I was quick to add that we took out of the total the large amounts that would have been easier to be had by those who are doing the canvassing. What we did was to allow no commission whatever on conversions by the Bank of Canada. There is nothing to pay, of course, on conversions out of government accounts.

Mr. Pearson: What a concession!

Mr. Fleming (Eglinton): We allow no commission on conversions by chartered banks on their own account. And then, as to the large holdings, and this includes all of the large institutions in Canada, they are to be in a special account and on that special account the commission earnings are dropped. They get the one quarter of 1 per cent on the 3 per cent bonds but they get only one half of 1 per cent on the other three maturities. In that way we have taken steps to hold down the commissions and prevent easy commissions on the conversions of the larger holdings. That is all on record at page 2858 of *Hansard* of July 30, 1958. I pointed out there that the commission to this group is one quarter of 1 per cent on the 3 per cent bonds and one half of 1 per cent on all other maturities.

I was asked to compare these rates of commission with those on the Canada savings bonds campaigns of 1955, 1956 and 1957. The commission paid in each of those savings bonds issues was three quarters of 1 per cent and the issuing and redemption fee in all cases was one quarter of 1 per cent. I said then and I repeat now it is quite clear that the average rate of redemption paid in the total on the conversions on the Canada conversion loan of 1958 will be less than that paid on the Canada savings bond issues in any of those three years with which I was asked to compare them.

But the Leader of the Opposition was not satisfied with this statement. Whether he even looked at it before he made his speech today, I do not know, but his speech did not give any indication that he had. He went on to make his own estimate of the dealers' commissions. He said it would be $25 million to $50 million. Mr. Chairman, according to the best reckoning that can be made today by the responsible officers of the Bank of Canada the commissions—and this figure may be high—that have been incurred to date on the $5 billion of conversions are $14 million. The Leader of the Opposition said $25 million to $50 million. That is the test of his responsibility.

Then, he passed on to what he called the bonus, the premium. He really meant the cash adjustment payment which had to be paid, as I said, to equalize the outstanding issues in terms of market value. He put this premium at $37 million to $60 million. Mr. Chairman, it is evident that arithmetic, good arithmetic, is not one of the qualifications for admission to the Liberal board of strategy. The reckoning by responsible sources, Mr. Chairman, is that the premium will amount to—what he called the premium; what I call the cash adjustment payment—about $35 million. He was prepared to run that up to $60 million.

Then, on the interest charges—and here the Leader of the Opposition showed that undoubtedly in his days as a very competent and popular lecturer at the University of Toronto his field was certainly not mathematics.

Mr. Pearson: You are the last man who should talk about that.

Mr. Fleming (Eglinton): I did not learn any mathematics from the Leader of the Opposition; I will say that.

Mr. Pearson: You did not learn any mathematics, period.

Mr. Fleming (Eglinton): He was very good on English constitutional history of the seventeenth century, and I will always be grateful to him. I regard it as a privilege to have been one of his students, and I say that in all sincerity. But as for mathematics, Mr. Chairman, so far as the Leader of the Opposition is concerned, that is a different story altogether. Here is what he had to say. He calculated the additional interest charges at $100 million. He is evidently stronger on

multiplication than on any other form of mathematics. Mr. Chairman, responsible quarters have calculated today that the additional interest charges as compared with the charges on the present victory bonds—if that is a fair basis of comparison at all—on the $5 billion converted to date is $49 million and not $100 million as the Leader of the Opposition calculated.

Before I leave that subject, Mr. Chairman, may I remind hon. members that in talking about—

Mr. Pearson: May I ask the minister a question just before he leaves that point? Will he explain how he got that figure of $39 million a year in interest charges?

Mr. Fleming (Eglinton): It is $49 million.

Mr. Pearson: Can he explain how he got that figure?

Mr. Fleming (Eglinton): Yes. I assure him I did not make the calculation myself.

Mr. Pearson: Where did you get it?

Mr. Fleming (Eglinton): From responsible people at the Bank of Canada.

Mr. Pearson: Can the minister explain how that figure is arrived at because it is a very important figure and will apply to the next 25 years.

Mr. Fleming (Eglinton): It is a very important figure and I wish the hon. member had attached importance to the subject before he embarked on his wild treatment of figures this morning.

Mr. Pearson: Why do you not tell us?

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend is asking about how it is related to the subscriptions for the four various issues, and I am going to give him a reply to his question on that point.

The next question was this: "Who held those bonds?" That is, held the bonds, let us say, on July 11, which was the last day of business, the Friday prior to the inauguration of this campaign on Monday, July 14. Mr. Chairman, some of his figures on this were not inaccurate. The Bank of Canada held approximately $1¼ billion; government accounts held approximately $435 million; chartered banks approximately $1.4 billion; and then the large institutions that we heard so much about today held about $1.2 billion; and then there are the other investors. These are your people in the rank and file of Canadians, these are your people who include small investors, very small businesses, everybody outside the class of large institutions, and when I say "outside the class of large institutions" in referring to that exempt names list, there were 1,200 included in it. Therefore, you see that all of the medium-sized as well as large institutions were included therein and not in the class of other investors. The figure of holdings on July 11 of those other investors, the small people in Canada, was, in round figures, $2.1 billion. Against that the Leader of the Opposition in this house today undertakes to quote as if it were fact the statement of a professor of Carleton University who said very truthfully that he did not know how much was held by the small investors in Canada. Never did the gentleman utter a truer statement than that.

But he went on from that point, having departed from a factual statement, to embark on an adventure into fancy and he said it might be 10 per cent or 15 per cent. Mr. Chairman, those figures show that not less than one-third of all of the outstanding victory bonds were held by people who can be described properly, in the ordinary sense of the word, as the small investors of Canada. How many of them were there? We have had today the most extraordinary statements made in this house by hon. members opposite about how few Canadians really hold those victory bonds. Mr. Chairman, no one can calculate exactly how many persons hold those outstanding victory bonds. Many of them are in bearer form. Large numbers of them are held by banks in safekeeping for their depositors, and in that case the figures which are shown here are the figures of the bank.

Now, a lot of the money that has been subscribed by the banks in the course of conversion has undoubtedly been the money of small depositors who leave their small victory bonds with the banks but no one knows the exact number. However, by long experience, those who have responsibility in the Bank of Canada and in the Department of Finance are able to make a rather shrewd estimate of the number of holders from the number and amounts of the certificates outstanding. Particularly is this the case in the small certificates. And here, Mr. Chairman, is the substance of statements issued by the Bank of Canada on August 12, that on the last count just before the Canada conversion loan was announced there were about 1,898,000, $100 pieces and 857,000, $50 pieces outstanding. It is on evidence like that that the estimate has been arrived at, that there were in this class of small investors in Canada holding one-third of the outstanding victory bonds approximately 2 million persons. That is, sir, the answer to hon. members opposite who talk about this conversion loan playing into the hands of big business. These shocking, irresponsible and reprehensible statements which

were made here today about windfalls will remain on the record as a test of the responsibility of certain hon. members opposite.

Then, Mr. Chairman, what about insurance companies? Some of the large holdings were in the hands of insurance companies. The insurance companies acquire the bonds or convert them for the benefit of their hundreds of thousands of policyholders. And what about the trusts which are set up, the university endowments and all manner of trusts of that kind? These are trusts in most cases for persons of limited means, but in these figures they are bulked in together and railed at by hon. members opposite as the holdings of big business. If ever this house has seen misrepresentation of the facts, utter distortion of the facts, Mr. Chairman, it has seen it in the house today.

The next question I was asked by the Leader of the Opposition was, what will be the effect on interest rates, first, on the long term and short term maturities and then on the securities of provinces and municipalities? I cannot prophesy, Mr. Chairman, the course of interest rates over the next few years or, indeed, over the next period of months, but I will say, without fear of contradiction on the part of any responsible source in this country that the effect of the Canada conversion loan has been to stabilize the market and in that way it has contributed not only to preventing a further rise in interest rates but in checking it and turning the tide in that respect. That is the effect of this issue.

Mr. Benidickson: Nuts.

Mr. Fleming (Eglinton): No one can say that the effect of the Canada conversion loan will be isolated in the market. But let us remember that when the Canada conversion loan has stabilized the market in Canada today it has done so in the face of the situation in the United States bond market which has continued right to this time, described in the words of that journal from which I quoted earlier as a precipitate decline. In the face of that the Canada conversion loan has stabilized the Canadian market. As to the provinces and municipalities, in their borrowing operations they will derive the full benefit from these constructive results of the Canada conversion loan.

Next I was asked what will be the value of the new bonds. I think my hon. friend flattered me in inviting me to comment on the value of the bonds in market trading in the days to come, but just to emphasize what I have been endeavouring to say I want to say something about yields and the way in which the rise in yields in Canada compares with that in the United States in this period. I am going to compare July 11, the last business day before the conversion loan was announced, with yesterday, September 3, and I am now speaking of yields. The treasury bill rate in Canada has dropped by .2 per cent and in the United States the yield on treasury bills has risen in this period by 1.41 per cent.

Mr. Benidickson: Why the big interest rate?

Mr. Fleming (Eglinton): My hon. friend would not understand today. Maybe if he and I talked tomorrow he would. Let us look at government issues and take Canadian 3 per cents of 1960. The yield on these in this period has dropped by .33 per cent. The yield on 2¾'s of 1968 has risen by .04 per cent. The yield on 3¼'s of 1979 has risen by .14 per cent. The yield on 3¾'s of 1998 has risen by .06 per cent. Could you have any better example than these figures of the stability achieved in the period since July 11?

Take the average of 10 provincial issues. The Canadian rate has risen by just .2 per cent. Taking the average of 10 municipal issues, the yield has risen by just .15 per cent. Taking the average of 10 public utility issues, the yield has risen by just .09 per cent and the yield on 10 industrial issues has risen by .13 per cent. Could you have any better example than that of the stability in this period?

Compare with these figures the increased yield figures in the United States market in the period from July 11 to September 3. I mentioned treasury bills. In the United States the rate is up from .96 per cent to 2.37 per cent, an increase of 1.41 per cent. Ours have been going down to the lowest rate in years. Theirs have gone up to the point where on September 3 they were two and a half times what they were on July 11. Look at United States treasury bonds and compare the rise there with the rise on Canadian issues. The yield on 2⅛'s of 1960 has gone up from 1.9 per cent to 3.22 per cent, a rise of 1.32 per cent. On 2½ per cent treasuries of 1968 the yield has gone up from 2.96 per cent to 3.66 per cent, a rise of .7 per cent. On 3¼ per cents of 1983 the yield has gone up from 3.27 per cent to 3.7, a rise of .43 per cent. On 3 per cents of 1995 the yield has gone up from 3.23 per cent to 3.48 per cent, a rise of .25 per cent, many times the extent of the rise in the yield on comparable Canadian securities in the Canadian market.

In the United States the average yield on 15 municipal issues has risen by .45 per cent in this period as against .15 per cent in Canada. In this period the increase in their rate of yield has been three times that in

Canada. Taking an average of 40 public utility issues, the rise in the United States is .37 per cent compared with a rise of just .09 per cent in Canada. The rise in the United States has been more than four times the rise of the yield in Canada from public utility issues. Here is the average of 36 industrial issues in the United States. The rise there is .24 per cent, double the rise in yield of comparable securities in Canada. With these figures on the record, Mr. Chairman, I hope there will be an end to the irresponsible statements we heard this morning.

The Leader of the Opposition also dragged in the matter of the premium on the Canadian dollar. In his tenth question he asked whether the conversion loan will make interest rates higher in Canada and the United States and push up the premium on the Canadian dollar. If the hon. member had consulted the figures, Mr. Chairman, he would have known that on July 11, the last business day before the conversion loan was announced, the Canadian dollar was worth 1.041 in terms of the United States dollar. The premium has been dropping since and today the Canadian dollar is worth 1.023 in terms of the United States dollar. The premium on the Canadian dollar has been reduced by almost half since July 11. That is the full answer to the hon. gentleman.

Mr. Benidickson: What is it going to be next month?

Mr. Fleming (Eglinton): The Leader of the Opposition's eleventh question was, why did you not announce this program in the budget speech? The simple answer is that we had not at that time undertaken the planning of the Canada conversion loan. We were aware of this large problem of the five victory loan issues aggregating $6.4 billion overhanging the market, acting as a weight on the market, and to that extent hampering the efforts of everyone in borrowing. We were aware of the problem and I referred in my budget speech at that time to the necessity for a flexible approach. It was in terms of a flexible approach that, with the change in conditions which set in the day before the budget speech and moved along rapidly in the days that followed, we undertook this constructive campaign.

His twelfth question was, why did you include the eighth and ninth victory loans in the general conversion offering? There are several reasons. Those who responded in time of war to Canada's necessity and subscribed to victory loan bonds were not divided into rigid categories. They were all persons who responded in that way. I do not think it would have gone very well if we had sought to discriminate now in the Canada conversion loan offering among the holders of different maturities of victory loan issues. In the second place, if we had to go to this tremendous effort and incur this expense in the course of promoting the campaign, does it not make good sense to include the five in the one operation rather than include only three in the one operation and still leave outstanding, to be faced when they fell due in 1963 and 1966, approximately another $2½ billion of maturing victory loan bonds of the eighth and ninth series? These are broadly the reasons.

There is another that I think might be mentioned and that is that these latter series of victory loan bonds have a callable feature. They are callable five years before maturity and from the point of view of the investor that uncertainty has a very unsettling effect. To the extent that this eighth and ninth series represent about $2.5 billion overhanging the market, with all the uncertainty attached to them and the depressing effect that has on values, surely it was good sense and good business to take in now all the outstanding series of victory loans.

I regret, Mr. Chairman, having detained the committee so long. I regret it sincerely. I regret the occasion. I was asked today why I did not reply on an earlier occasion to some of the statements made by members of the C.C.F. when they spoke in this house on August 5 and 6. To be quite frank, I can say to you that at that time I felt that statements of the kind that were made by them on those two days deserved only to be ignored, so far were they from the fact and from simple, decent, Canadian justice as between man and man. It would have suited me very well if it had not been necessary to say anything at all or to answer questions on this matter. It became necessary to deal with these matters fully in reply to the attacks that have been heard in this house today.

Mr. Chairman, let me conclude my remarks. We have had, I submit, such a response from the Canadian people as demonstrates, not only their confidence in Canada but their confidence in Canada as an object for their lending. This kind of confidence, this kind of response, is not confined simply to the kind of people who were the object of some rather haranguing statements made in this house today. Let me tell hon. members that the provinces and municipalities in this country were, themselves, substantial holders of Canada victory bonds, and their response has been what one would expect. Here is Newfoundland with various accounts, the Newfoundland savings bank, the Newfoundland workmen's compensation board, who held something over $3 million of these bonds. Up to August 25, they had converted 90 per

cent of their holdings. I have no report from the province of Prince Edward Island, but I believe that province had holdings of $100,000 of Canada victory bonds. New Brunswick, with various provincial accounts, holds a total of $6,743,000 of victory bonds, and that grand province of New Brunswick converted all of its holdings of Canada victory bonds into the conversion loan.

Nova Scotia, with various accounts, held on July 14, $21,721,000 of victory bonds and as of August 25, they had converted $21,049,000 of them. Quebec, on July 14, in various provincial accounts, held $856,800, and they went out on the market and bought more victory bonds, and have converted $2,055,000.

The province of Ontario, with various provincial accounts including the provincial treasurer, the public trustee, the hydroelectric power commission, the Ontario veterinary college, the Ontario agricultural college and the workmen's compensation board, held $108,900,000 of victory loans and up to August 25 had converted $69,650,000. Manitoba, as of July 14 in various provincial accounts, held $26,824,000, and up to August 25 they had converted $25,591,000. Here is the province of Saskatchewan. I wish I could tell the story of conversion there, but I have a note that that province has requested that no publicity be given to its conversion, and I respect that request.

The total holdings of the government of Alberta were $74,231,000 in victory bonds, and up to August 25 they had converted $69,331,000. I have a similar request from British Columbia that no publicity be given to its figures on conversion and therefore I say nothing about that province.

The conversion activities on the part of other levels of government were not confined to the provinces. I am not going to delay the house now by giving the figures for the various municipalities, but perhaps there are one or two that might be of passing interest to the house. We have an hon. member here from the riding of Kenora-Rainy River who is the financial critic of the opposition. I note that the municipality of the town of Kenora, on July 14, held $175,000 of victory bonds, and bless them, they converted all of them.

Mr. Benidickson: Mr. Chairman, the council of Kenora are very prudent gentlemen who would not want to miss an opportunity to increase by 50 per cent the wages of interest.

Mr. Fleming (Eglinton): My hon. friend has no right to interrupt my speech. I have the floor and I said I would answer his questions later. He will have his opportunity later to make any remarks he wishes to make.

[Mr. Fleming (Eglinton).]

In the province of Saskatchewan, there are a number of municipalities for which I have a return here. I think they might be of interest to some hon. members of the house. Here is the rural municipality of Bratt's Lake which held $55,000 of victory bonds, and they have converted them all. Here is the town of Estevan, Estevan school unit No. 2, which held $266,000, and all this amount was sold during the course of the campaign. They got some benefit therefrom, apparently. Then, there is the city of Moose Jaw which held $538,000 of the bonds and up to August 25 had converted $510,000 of them. Here is the Moose Jaw union hospital which held $36,000 of the bonds and converted them all. Here is the city of Regina, and we have, first of all, the city sinking fund trustees who held $1,701,000 of victory bonds, and they have converted them all. The collegiate institute board of that city held $129,000, and converted them all.

So it goes, Mr. Chairman. This is a record that I say reflects very great credit on these municipal governments. I am not going to say very much about the speech delivered by the hon. member for Welland. It was a compound of gossip, and nothing more.

Mr. Benidickson: Without foundation.

Mr. Fleming (Eglinton): My hon. friend had a friend who said so-and-so, and he had another man who had heard so-and-so, and another man who said so-and-so. I am glad that the hon. member has got some friends but I wonder if his friends will appreciate the responsibility that will be put upon the hon. member in the light of some of the things he said here, based upon these assertions with regard to the cost of this conversion loan that are not even on distant speaking acquaintance with the truth.

Now, Mr. Chairman—

Mr. Benidickson: We cannot get the truth.

Mr. Fleming (Eglinton): —my hon. friend for Welland had something to say about people trafficking in bonds. It was not very clear, I am sure, to anybody—perhaps not even to himself—what he was talking about. But, Mr. Chairman, as I said in the house the other day in reply to his question, we have insisted on rigorous adherence to these terms that were laid down at the outset, terms let me tell this committee of the whole house that were not—contrary to the false statement that was quoted from a certain journal in this house today by the Leader of the Opposition—put together in some Toronto broker's office. These terms, Mr. Chairman, were put together—

Mr. Pearson: At Murray Bay.

Mr. Fleming (Eglinton): Not at Murray Bay either. That statement is no more true than is the false statement which the Leader of the Opposition quoted this morning. These terms were drafted in the place where terms of government bonds are drafted under this government and where they will continue to be drafted, namely on the part of the advisers of the government in the Department of Finance and the Bank of Canada. Let me bury ten fathoms deep the falsehood appearing in that journal which the Leader of the Opposition quoted today with some evident satisfaction, that these terms were put together in some Bay street broker's office. Never was a statement in this house further from the truth than that one.

Mr. Benidickson: Was it St. James street?

Mr. Fleming (Eglinton): I do not know at the moment whether the hon. member is quite straight on his directions about St. James street or any other street. May I tell him for his immediate information that the Bank of Canada and the Department of Finance are not located on St. James street. They are located on Wellington street in Ottawa.

Mr. Benidickson: They have branches down there.

Mr. Fleming (Eglinton): They may have branches in St. James street. My hon. friend evidently knows more about that than I do because I have not been in those offices on St. James street and I have not any correspondence with them.

Coming back to the remarks of the hon. member for Welland, if one can apprehend what he was driving at, I should like to add this on the point. In accepting the terms and conditions of the Canada conversion loan all primary distributors agreed to arrange conversions with clients only on the basis outlined in the official prospectus. This kind of arrangement is a normal feature of any offering of new securities.

Dealers found there were some holders of victory bonds who preferred to sell their bonds rather than convert them and other investors who did not own victory bonds but wanted to buy new conversion bonds for cash. Sales and purchases of victory bonds did not always match off for each dealer each day and price fluctuations occurred which made it sometimes possible for investors to sell victory bonds for cash and buy conversion bonds for cash on more favourable terms than by a straight conversion. Such a situation was increasingly causing delays in conversion as some investors held off to see if they could obtain better terms, and it involved discrimination.

On August 7, on the strong recommendation of the national committee formed to promote the conversion loan, fixed prices were stipulated at which distributors might buy victory bonds from customers and sell conversion bonds for cash to customers. The effect of these prices was to put matched cash transactions and straight conversions on the same basis so far as dealer remuneration and investor cost are concerned. I am assured that the effect of this action has been the elimination of discriminatory treatment and a larger total response to the government's conversion offer.

Mr. Chairman, I was asked today by the Leader of the Opposition what the policy of the government is in relation to monetary questions. So far as questions of monetary policy enter into the Canada conversion loan and they do enter into it—let me make it abundantly clear that the policy of this government, as clearly enunciated by the Prime Minister in the broadcast on the night of July 14, is a policy of sound money.

What this government has said it intends to do, and to do in relation to this offering to the Canadian people, is to take such steps as are within the power of the government to maintain the stability and the purchasing power of the Canadian dollar and this campaign is to bring about a situation with reference to this large section of the public debt of Canada where we have some control over maturities, where we can apply policy of debt management. This Canada conversion loan fits into that policy and is going to strengthen our hands in carrying out that beneficent policy for the benefit of Canadians in the years to come.

Mr. Chairman, there has been criticism. I do not mind the personal criticism that has been directed at me. I will close my remarks today with this prophecy. Succeeding ministers of finance whether they be Liberal or whether they be Conservative will have reason to be thankful in these days ahead that the government of 1958 had the vision and the courage and the realism to undertake this, the greatest financial operation in Canada's history.

Mr. Pearson: Mr. Chairman, the Minister of Finance has taken about two hours to deal with the questions we raised this morning.

Mr. Fleming (Eglinton): Exactly one and a half hours.

Mr. Pearson: It is now twenty minutes to five, the clock can speak for itself.

Mr. Fleming (Eglinton): I started at ten minutes past three.

Mr. Pearson: He has taken that length of time to deal with the questions which we raised this morning and which he said we had no right to raise.

Mr. Fleming (Eglinton): No.

Mr. Pearson: Yes.

Mr. Fleming (Eglinton): No. I objected to the way you went about it and the irresponsible things you said.

Mr. Pearson: You said it was irresponsible on our part to raise the questions we raised in the way we did it.

Mr. Fleming (Eglinton): And to say the things you said.

Mr. Pearson: I hope the minister has not exhausted himself in this long distance performance because he is just at the beginning of his estimates and he is going to be here a long time dealing with them.

Mr. Fleming (Eglinton): We understand each other.

Mr. Pearson: The minister will need all the energy he has at his command. I am sorry he has found it necessary to use so much in his first performance on his estimates. During that time, as is customary over the years in this house, he indulged in a good deal of verbal ferocity and included in his remarks a good many jibes, one or two of them extremely cheap ones. As is his custom also, he mistakes, as he has done so often in the past, acid assertions for argument and vehemence for veracity. At this stage in our proceedings, Mr. Chairman, I do not intend to correct—though perhaps as we go through his estimates there will be the chance to correct some of them—the misstatements that he has made this afternoon. He accused us on this side of the house of irresponsibility in the intervention that was made by us of this subject this morning. He accused us of irresponsibility in bringing this matter to the attention of the committee in the way in which we did. But during the weeks since the announcement was made in this house that there was to be this operation of a magnitude and importance never before seen in our country he has given us no information of any kind concerning it; nothing at all. Nothing at all!

Some hon. Members: Oh, oh.

Mr. Pearson: He has given no information to this house at all concerning this matter and when my hon. friends of the C.C.F. raised the matter in debate he said nothing about it. He has explained this afternoon that the reason why he said nothing about it was that their arguments were hardly worth-while replying to. He did say something, he intervened with such remarks as "Rubbish" and "Nonsense", but that is the contribution we have had from the Minister of Finance since July 14 until September 4 on this very important matter.

Today, however, he got up for two hours, or nearly two hours, and indulged in the kind of diatribe to which we have listened. What were we to do when his estimates came up? What were we to do during all these weeks—say everything is fine, the loan is going along, it is a wonderful operation and there is nothing in it to criticize? We were to say that we have complete confidence in the government and were to get finished and go home as soon as we got the minister's estimates through. That is what he would have liked us to do, but that is not our responsibility to the nation and that is not how we are going to discharge what we consider to be our responsibility to the nation.

The minister said that on July 14, when the announcement was first made about this loan, when I got up in the house after the announcement I adopted a position of high responsibility but now in speaking for my party that I have descended from what he considered to be those heights of responsibility.

I would remind the minister that when he made that announcement in the house it was without any prior information having been given to the leader of any other party. He did not take anybody into his confidence, even one hour before the announcement was made. He simply got up in this house and made the announcement and even at that time he did not tell the whole story. I am not complaining about that because it could not be done on motions. However, I said at that time—and the same stand was taken by the leader of the C.C.F.—realizing that this was an operation of the magnitude and importance which we now know it to be, that it was important in the national interest as it is today important in the national interest, that this operation should not fail.

In making that statement I said that I would follow this operation with interest. We have been following it with interest, we have been studying it, and as a result of the information we have acquired and of the studies we have made we have put forward our attitude in this regard in the words I used this morning—we have done it less than ten days before the end of the operation—when it has reached its last stages. It was better the debate should be done now, in view of the fact that if it had taken place four or five weeks ago perhaps there might

have been misunderstandings and misleading impressions created by the criticism we were bound as an opposition to make to the way in which this operation was being conducted —not of the objective of the conversion, but to the methods.

If the minister had been fair he would have said when he got up to reply that twice when I spoke today I stated that we approved of the objective of the conversion. We believe that this effort should be successful, but we do not approve of some of the details and some of the ways in which it was being carried out. If that is irresponsibility I would remind the minister of some of the things he said in this house when he talked about financial matters in other days. I suggest to the minister that we have shown him a great deal more consideration in this matter than he ever showed his predecessor, the former minister of finance, when he talked about financial matters.

Some hon. Members: Hear, hear.

Mr. Pearson: I recall what the minister used to say about tight money when the minister of the previous government made his statements and what he said about tight money during the election—how he pilloried us because of interest rates going up and what they were going to do to the national interest. What did he say this afternoon when he got up? I do not have his exact words, but I took them down as accurately as I could, because he was speaking very fast and very vehemently. He gave us to believe that it was not the minister who decided on these matters and it was not the department who decided on them—they got the best rates they could and the rates were fixed under outside conditions. That is how we get our interest rates in this country. But what did he say about the previous government when that government fixed interest rates in times of boom in order to combat inflation? What did he say about the operations of the government of that time in regard to interest rates?

The minister went on to say today that in these matters—and he quoted himself in his budget speech—they fell back on or they relied on a measure of flexibility. That is why, that is the excuse the minister gave the house this afternoon for telling us one thing in this house on June 17 in his budget speech and for telling us something else on July 14, when he made this announcement. He said there was a deterioration in the bond market in the United States, I believe he said that the day before the budget speech there was a change in conditions and that was why they probably had to change their plans. But what did he tell us in the House of Commons on the night he made his budget speech?

> —during this fiscal year we shall need to sell bonds or other securities in a total amount of close to $3,400 million.

The sum of $1,400 million of this amount would be required for new cash and $1,950 million was required to cover the marketable funded debt maturing during the year. Was that misleading the House of Commons or was it not?

Mr. Fleming (Eglinton): It was not.

Mr. Pearson: If the minister changed his mind at that time, in view of what was happening in the United States, if the minister had received information from the United States that the bond market there was deteriorating and that they might have to revise their plans, as he said the day before the budget, why did he have to include that statement in the budget speech that there was going to be needed for reconversion during the fiscal year $1,950 million, when four weeks later he asked for $6,400 million?

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): You are off the track entirely.

Mr. Pearson: I suggest to him that the figures will speak for themselves.

I was amazed this afternoon to hear the minister question the accuracy of some of my figures—he, of all people, after what happened last January, to reflect upon anybody's mathematics. He attacked us because we put on the record a lot of figures which he claimed this afternoon he had been able to disprove. I suggest to him that I was being scrupulously fair and responsible in the way I approached this question. I said that during these weeks since the conversion announcement there had been reports appearing in increasing numbers in the press saying that it might cost this or it might cost that, that the commissions might amount to this or they might amount to that and that the total cost to the country might amount to this or might amount to that. I put the minimum and the maximum figures on the record as coming from reports which I had received and not from the Winnipeg *Free Press*, a paper which seems to worry my hon. friend so much that every time he gets up he has to talk about it and give it a little free advertising.

If these figures are all wrong, if they are misleading, why has the minister not corrected them before now by giving the right figures and making sure that he prevented this damage to the confidence about which he talks so much from occurring in this

country with respect to the conversion loan? Why did he wait until September 4 to put these figures on record if he was trying to put this loan across, as he said, because it must be put across as it is a great national effort, and so on? Why did he allow these misleading reports to be circulated in the country? Why did he wait until the last day of the session when he was baited into it by the questions we asked?

In another part of his statement he put on record a lot of figures to show that the municipalities, who are going to pay more for their money, have converted their bonds into the new loan and because some of those municipalities are headed by two members on this side of the house, he paid them a special tribute as being loyal and patriotic Canadians. I ask, why should not any municipality take advantage of this windfall loan, which is the expression used by those who are trying to sell it?

What particular significance is there to be attached to that as a vindication of the policy of the government? The policy of the government in this matter will be determined by the results of this loan after it is finished and the effect it has on the money market and our economic prospects. We on this side are willing to let it stand on that basis. But to think that the Minister of Finance who used to talk so much on this side on every financial occasion and used his undoubted ability to marshal adjectives if not arguments to pillory the government should expect us to sit quiet and say nothing about this operation—because if we ask questions and make criticisms we are then considered irresponsible—is almost beyond belief. The test of irresponsibility in this matter will be the results of the government's operation. That will be a better test than anything that could be said on this side of the house and we are quite willing to let it rest on that basis.

Mr. McMillan: Mr. Chairman, I should like to ask the minister a question and I hope he will answer it in good temper.

An hon. Member: He might not.

Mr. McMillan: The minister is good natured most of the time—

Mr. Ricard: All of the time.

Mr. McMillan: —but frequently he reminds me of a patient of mine whose husband told me she was very even tempered, just mad all the time.

Mr. Ricard: Are you talking about yourself?

Mr. McMillan: The minister referred to the precipitous drop in bonds that occurred in the United States, I believe he said about June 15 or 16. I have in my hand a report

[Mr. Pearson.]

to the effect that on June 15 and for some weeks afterwards the United States offered bonds at the alluring rate of 2⅝ per cent. I should like to ask the minister if that is correct and also I invite him to comment on the price of foreign bonds in the United States.

Mr. Fleming (Eglinton): Mr. Chairman, I did not hear the last part of my hon. friend's question.

Mr. Batten: He was not listening.

Mr. Fleming (Eglinton): Would the hon. member mind repeating the last part of his question?

Mr. McMillan: I referred to the fact that after the precipitous drop in bonds in the United States, 6-year 8-months bonds sold for what the treasury board considered the high rate of 2⅝ per cent. Would the minister agree with that? I should also like to hear the minister comment on the fact that the bonds of Brazil, Norway, Sweden and Denmark are selling in New York more favourably than our own Canadian bonds are selling in Canada; that is, 4½ per cent bonds.

Mr. Fleming (Eglinton): Mr. Chairman, I do not accept the statement just made by the hon. gentleman.

Mr. McMillan: Here is the New York *Times*.

Mr. Fleming (Eglinton): In any event we are discussing here, as I understand it, a comparison of yields on Canadian bonds in the Canadian market and United States government bonds in the United States market and testing the trends in these two countries in the light of what has been done. I do not want to stand here and hold forth on the way in which the values of the United States government issues have declined in the United States bond market. That is a proven fact. Indeed, one of the issues to which the hon. member referred this afternoon is selling today at either nine or ten points less than it was selling at immediately after issue. That is the extent of the decline in the United States in issues of the United States government. We do not take any satisfaction in that fact and I do not wish to enlarge on it. I would prefer to put it on the basis of the yields.

These comprehensive figures I gave on the yields accruing in the two countries on comparable issues show very clearly without repetition that the Canadian market has been stabilized and the United States market has been weakening and United States yields, in terms of the market values of these issues of United States government bonds, have been rising.

Mr. Benidickson: On this subject, Mr. Speaker, I am not going to reply at the moment to the Minister of Finance. Those of us who have sat with him over the years know a great deal about his type of criticism and the sort of governess, sermon-like type of speech he makes, such as that he delivered today, usually fairly long. I cannot compete with him in jaws that seem to have ball bearing hinges. But I will say that we have not had replies to some of the questions we asked earlier this afternoon and in particular the question I asked about why there was no callable feature in the bonds that were issued. I should like to hear from the minister in that respect.

Mr. Fleming (Eglinton): Mr. Chairman, the conversion bonds are by deliberate decision not being given a callable feature because the callable feature does subtract something from the attractiveness of the bonds. I mentioned in my remarks that it creates a certain measure of uncertainty on the part of the investor. One of the elements in any investment is certainty. The investor who is being asked to take these conversion bonds will find them more attractive if there is certainty attached to them. I do not think my hon. friend would want to suggest that in attaching a callable feature to these bonds we should have been prepared to pay a higher rate of interest on them.

Mr. Benidickson: No, a lower rate would satisfy me.

Mr. Fleming (Eglinton): That is part of the picture of compensating for a feature like a callable feature. This was a deliberate decision. We think we will get the best results without a callable feature.

Mr. Pearson: Mr. Chairman, would the minister not agree that it will have the effect of fixing the rate of interest for the 25 years making it not possible to take a lower rate of interest?

Mr. Fleming (Eglinton): Only if you made them callable at an early date. I do not think the Leader of the Opposition would suggest that we make it callable for most of its life.

Mr. Pearson: No.

Mr. Fleming (Eglinton): Perhaps the hon. member has in mind something like the last five years. Concerning the benefit he ascribes to the callable feature in the event that interest rates should be lowered for money of that maturity at that particular time, the opinion that prevailed here is that that would not counterbalance the damage that would be done or the degree to which it would subtract from the attractiveness of the bonds without the callable feature.

As hon. members will realize we were trying to get the best deal we could weighing all the factors together.

Mr. Benidickson: Mr. Chairman, I do not want to get the minister going again because whenever he gets going we are exposed to a two-hour speech and he behaves like an offended virgin every time he is criticized. However, I do want to ask him a question or two.

I believe I indicated earlier that the last time we as a federal entity had been obliged to pay 4½ per cent interest it was again wages for money such as was introduced by a Conservative administration but even then—and I think it was 1934—they had a 10-year provision for a callable privilege. Succeeding Liberal governments with more prudent administration found circumstances under which they were able to pay off that high rate of bond indebtedness. I referred this morning to how old the minister would be 25 years from now. I cannot understand why he would commit the future taxpayers of Canada in the next generation to an unavoidable 4½ per cent obligation on debt which I think is not synonymous with thoughtful behaviour. A businessman hesitates twice when thinking in terms of a rate that goes much beyond 5½ or 6 per cent when he is asked to pay 6, 7 or 8 per cent for any investment he has in mind, an investment that might create unemployment at the present time. I just cannot understand the undeviating base that is being put on interest rates in this country for another 25 years because of the non-callable feature.

Mr. Fleming (Eglinton): My hon. friend has stated his opinion; I have stated mine. We are not in agreement on the point. If there are any questions I shall be glad to answer them, but I take it we have the facts on the subject before us, and my hon. friend and I have different opinions on the subject.

Mr. Habel: Mr. Chairman, I have a few points that I want to put on the record. The minister tried to emphasize the fact that he felt this conversion was going to stabilize the finances of this country and there would be no great rise in interest rates. I hold in my hand a clipping from the Toronto *Star*. I know before I mention it that the minister will probably object to anything coming from the Toronto *Star*. The heading is:

Ottawa Plan May Lift Cost of Borrowing

There is no question about that. If he objects to this one I will give him another one from the *Gazette* of Montreal which I understand is not considered to be a Liberal paper. The heading is:

High Cost of Living By Conversion.

The second paragraph reads:

It is an expensive effort, not only for the federal government, but for all other governments and corporations. The federal government is exchanging one set of fixed charges, the interest it must pay on victory bonds outstanding, for another, higher, set.

At the same time, it has established a higher base cost for credit. All other borrowing must now conform to these new rates at a subsequent higher cost to the borrowers.

Mr. Fleming (Eglinton): May I ask my hon. friend the date?

Mr. Habel: July 16.

Mr. Fleming (Eglinton): Is it an editorial?

Mr. Habel: It is; it is by the financial editor.

Then, I have another clipping dated July 16, the title being:

Easy Money Hopes Gone With Conversion

Then I have another one from the *Fundy Fisherman,* dated August 13, 1958. The heading reads:

Big Bond Conversion Rough on Ordinary Man—Taxes To Rise With Living Costs

Mr. Fleming (Eglinton): This is going to help the ordinary man.

Mr. Habel: I am sure it is going to help him. The minister emphasized the fact that this conversion had patriotic features, and that he had asked all the brokers to use the patriotic angle to get the people to convert their bonds. I have in my hand something that might surprise even the hon. member for St. Hyacinthe-Bagot. I wish the minister to understand that patriotism can be obtained if enough money is paid for it. The Aetna Casualty and Insurance Company, Hartford, Connecticut, converted $11 million plus another conversion of $3,626,000. The minister gave a long list of municipalities and provincial governments which had converted their victory bonds. I have here a list of the different companies which must have accepted the call with pleasure. As I said, the Aetna Casualty and Insurance Company, $11 million, and then another conversion of $3,600,000; the Metropolitan Casualty Insurance Company of New York, $1,200,000; the Milwaukee Insurance Company, $1,281,000; a Hong Kong firm, through its subsidiary in Toronto, $1,270,000; the British Phoenix Assurance Company Limited, $1,301,000; the Indemnity Insurance Company of North America, $1,400,000; the Insurance Company of North America, Philadelphia, $2,235,000; the Federal Mutual Insurance Company and Hardware Insurance Company of Owatanna, Minnesota, $1,835,000; the Wellington Fire Insurance Company, $335,000; the Continental Life Insurance Company, $1,108,000; the Northern Electric Company, $5,200,000. We could go on in this way for another 15 minutes. This shows that when the minister claims that many little people will profit from this and that municipalities and other bodies have acted in a patriotic way, he forgot about all those companies which are benefiting so much from the conversion. I continue with the list: the Prudential Insurance Company, $42,000,000; Famous Players, $3,800,000; Canada Permanent Mortgage Company, $7,000,000; Federal Insurance Company, $2,800,000. The Manitoba government, of course, was mentioned in the list of those great patriots who had converted their loans.

The minister has claimed that we have been unfair in our criticism. I think the Leader of the Opposition was very fair in his remarks and the hon. member for Welland made a wonderful exposé that the country will understand much better than it will understand the speech made by the minister this afternoon. I hold in my hand, a clipping from the Ottawa *Journal* and the heading is:

Plan "Blitzes" To Pep Up Sale Conversion Bonds

They claim that in at least 80 cities there will be parades, bands and circuses to make sure that the subscribers convert their bonds. I have another clipping from the *Globe and Mail* of this morning. The heading reads:

Plan Record Bonfire of Cancelled Bonds

The people of this country, Mr. Chairman, will have a long time to remember that some day there might be a bonfire of those victory bonds that are now being converted. They will also recall the amount of money they will pay for the bonfire.

The minister himself admitted this, which appeared in the Toronto *Star* of July 19. The article states that the program will cost the federal treasury $30 million to $50 million to pay the cash bonuses to bond holders and also another $50 million in annual increased interest rates. Probably that is the bonfire that the Minister of Finance wants to have by calling what he claims to be a patriotic conversion. The firms in the United States as well as firms in Great Britain and the firm in Hong Kong certainly responded to his patriotic appeal. I have in my hand a copy of the August issue of *The Rural Scene,* and I will simply conclude by reading a paragraph or two. In an article on the conversion loan there is the following:

To urge such people to convert their bonds, which are soon to mature, into long term bonds, at a time when inflation is gathering momentum, is a cruel deception and unworthy of the government of a country.

The last paragraph reads as follows:

The person who cashes his victory bonds when he can do it, and invests the money in improving his own property or in some productive enterprise,

will do more to halt inflation than he could possibly do by lending it to the government to spend on its ventures.

Mr. Bourque: Mr. Chairman, I understand that earlier in the afternoon the Minister of Finance mentioned that the city of Outremont, of which I have the honour to be the mayor, had converted its bonds for new bonds. We did hold $290,000 in victory bonds and we were getting interest amounting to $8,700 a year. By converting the bonds we will get interest amounting to $13,500 a year or 50 per cent more and we are getting $3,625 in cash. How could I as mayor let such a windfall pass by?

The conversion loan of $6,425 million will cost the government $17 in interest per person per year. The same amount borrowed by the previous Liberal government was costing the country $11.34 per person per year. That means that the government has now increased the interest paid to citizens of Canada, banks and other institutions by $5.66 per person per annum because the government will now be paying $289,125,000 in interest per year. The Liberals borrowed the same amount for $192,750,000 in interest per year. This means that the government is giving as a windfall, as manna from heaven, to citizens of Canada, banking institutions and bankers in the United States and all over the world $97,375,000 by way of increased interest per annum.

Mr. Fleming (Eglinton): Untrue.

Mr. Bourque: If you can count, my dear Mr. Minister, you will come to the same figures. In addition to the increased interest, there is the cost of commissions, advertising and literature. Who is going to pay this $97 million? We cannot give away $97 million without somebody having to pay it back. It is the citizens of Canada who are going to have to pay it through income taxes. The minister has boasted today about the good deal he has made and what he has done for the citizens of Canada. Wait until the citizens of Canada have to pay this money through income taxes and the minister will realize whether or not he has made a good deal for Canada.

Mr. Fleming (Eglinton): Having regard to the speeches my hon. friend has made more than once about federal aid to municipalities, I am sure that on the basis on which he has approached this problem he will be glad to commend the federal government.

An hon. Member: Is that a threat?

Mr. Crestohl: Mr. Chairman, I should like to suggest to the minister quietly, dispassionately and coolly that he should analyse what the opposition has really said. What has been their criticism? He may agree with it or he may not but they have said, first, that the rate of interest is too high. It may or may not be too high.

Mr. McDonald (Hamilton South): Diplomat.

Mr. Crestohl: If the hon. gentleman can improve on that I challenge him to do so. The minister will also realize that the opposition has said that too much money is being spent on advertising. It may or may not be too much. That is purely a matter of opinion. The opposition has said that the cost generally is too high and the cost of advertising is too high. The minister may or may not agree. We have said that the commissions are too high. He may or may not agree. But he finds himself in the position where he must make a defence. In his parliamentary performance this afternoon he has made a good defence from the standpoint of debating. I think it was sharp in spots, unduly critical in other spots and that at other times his remarks were even a little unworthy of the minister. Just the same he made a two-hour defence—

Mr. Fleming (Eglinton): One and a half hours.

Mr. Crestohl: Well, it seemed longer to us. Nevertheless, at this stage when about 80 per cent of the conversion has been completed, a long defence of the kind he had to resort to this afternoon reminds me of the fact, which the minister as a lawyer will understand, that when you make a long defence it does not necessarily follow that it is a good defence. All I can say is that I am suspicious of long defences. I am astonished at the minister's long defence and the old French proverb, qui s'excuse s'accuse, applies to him perfectly.

The minister takes pride in the fact that 80 or 85 per cent of the sale has been completed. Of course; it is such a bargain, who would not want to buy? Surely the minister realizes, as I do, that if he wanted to sell more and do so faster all he had to do was to fix a five per cent return or perhaps a six per cent return and he would have had results very much faster. But this is my criticism, and this is what members of the opposition have said. The country has been called upon to make this financial effort. Why? I think the government found itself in difficulty. It has to meet its election promises, it has to meet a great deficit and it has launched into this great expense which I think the country will remember for a great many years to come.

Mr. Pearson: If we have exhausted that subject and ourselves, perhaps I can ask the minister if he can give the committee any information with respect to the commonwealth economic conference which I believe

is to open on September 15, indeed, the day of completion of the conversion loan. Has the minister anything to report? During this session we have not so far received any substantial amount of information in connection with a conference which, in the words of the government, is one of very far-reaching importance indeed.

Mr. Fleming (Eglinton): I will be very glad to deal with that subject. I think the Leader of the Opposition has probably overlooked the fact that, as I recall it, there was some discussion of it on the estimates of my colleague, the Minister of Trade and Commerce, but I am happy to deal with it. The conference will open in Montreal on Monday, September 15. It is expected to continue until Friday, September 26. It will thus run, it is expected, for two weeks. All of the commonwealth countries will be represented at the conference by ministers and delegations and the delegation from the United Kingdom, which will consist of five ministers and a number of advisers, will be accompanied also in an advisory capacity by six ministers drawn from various colonies in different parts of the world.

The agenda which the conference is likely to take up will be a very broad one. Trade is one subject, but trade is only one aspect. The agenda is expected to embrace broadly all questions pertaining to the economic relations of the various nations of the commonwealth. The meeting is to proceed in the Queen Elizabeth hotel. The secretary-general of the conference, by agreement of the commonwealth countries, is to be Mr. Sydney Pierce who, as hon. members will recall, has been latterly the deputy high commissioner of this country in the United Kingdom. A good deal of work has been expended by officials in preparation for this conference. The departments of government principally concerned are, of course, finance, trade and commerce and external affairs.

The conference is preceded by several conferences of officials of the commonwealth countries at various stages of preparation during the recent months. I shall be glad to answer any further questions if there are any.

Mr. Pearson: Who are the Canadian delegates?

Mr. Fleming (Eglinton): They have not finally been chosen yet. The cabinet will be making the selections. I can perhaps say that the ministers who have been associated in the preparations are my colleagues the Minister of Trade and Commerce, the Secretary of State for External Affairs; the Minister without Portfolio, the hon. member for Greenwood, and myself.

[Mr. Pearson.]

Mr. Pearson: Can the minister tell us the agenda of the conference?

Mr. Fleming (Eglinton): I am not in a position to state it in precise terms, but anything pertaining to economic relations within the commonwealth, I think, will find a place within the discussions that may be held there. The Leader of the Opposition will recall that the conference stems directly from the conference of finance ministers at Mont Tremblant held last September. At that conference an agenda was agreed upon and it appears in the official communique that was issued at the conclusion of that conference. This list of subjects forms a working basis for the agenda for this conference.

Mr. Pearson: There was an interruption a moment ago to the effect that this discussion was out of order, but I cannot think of anything more in order.

Mr. Fleming (Eglinton): I certainly do not take that position. I think it is entirely in order.

Mr. Pearson: After all, this is a conference on commonwealth economic relationships, to be presided over by the minister. It is a conference which has been put forward by the government as one of the most important to be held within the commonwealth, and one which will have far-reaching results on the economic, financial, and therefore on the political relationships of members inside the commonwealth. I think it is unfortunate that we have not had the kind of discussion about this conference, as important as it is, that has been had in the parliament at Westminster. I think it is unfortunate that even at this late date we can only be told in general terms what will be the nature of the subjects dealt with and the policy of the Canadian government in respect of these matters.

There is an impression which one gets from the press that, whereas a year ago this conference was being heralded as one of very great importance, primarily in respect of trade relationships between members of the commonwealth—we heard a great deal at that time about the diversion of trade that might result from a conference of that kind—latterly, that impression of a year ago seems to have disappeared and there seems to be a contrary impression, at least in the minds of the press, that perhaps the most important subject for discussion will be the financial relationships between the members and India and what certain members of the commonwealth can do in respect of strengthening what is now called international liquidity.

We all know that when the Prime Minister of the United Kingdom came to Washington and Ottawa a few months ago, he announced

in press statements in both Ottawa and Washington that it was of vital importance to do something to put the underdeveloped countries of the world in possession of hard currency, thereby giving them a chance to develop. This suggestion has been taken up by other governments, notably by our own Prime Minister who made an announcement about it subsequently in this House of Commons as well as statements about it outside of the house. This seems to be one of the subjects which is going to loom up in the agenda of this conference. Of course, the minister knows that this is a subject which cannot be finally determined on a commonwealth basis. However, the preliminary discussions there might be quite useful, and perhaps more far-reaching results will be achieved at the meeting of the fund and the bank which will be held subsequent to the meeting.

As a matter of fact, as the minister knows, it has become the custom to have a meeting of commonwealth finance ministers before the meeting of the bank.

Mr. Fleming (Eglinton): Right afterwards.

Mr. Pearson: Right afterwards, so presumably that will be discussed in a preliminary way. While the minister has said nothing which would indicate whether or not these reports are accurate, and I am thinking of a report in the Ottawa *Journal* of a few days ago, there does seem to be a desire now on the part of these newspapers to play down the results of this conference which had been heralded by a fanfare of trumpets a year ago. I have been to a lot of conferences and I know it is quite unwise, but perhaps quite natural, to exaggerate the importance of everything about the conference, prior to the opening of it; but you begin to realize that all the things you put forward in your own interests, the things that are going to be accomplished by your policies are not likely to result and therefore an element of caution is being introduced even at this late date. Perhaps that is realistic and sensible. We know very little in this house what the policy of the government is in respect of these matters. They know a good deal more in Westminster because they have discussed this in the House of Commons.

Indeed, reading the London *Times* only this morning, which is dated September 2—we get it pretty quickly these days by air—I notice a report from the political correspondent which is obviously officially inspired. It gives a lot more detailed information than we have been able to obtain in this house. It gives the agenda and it gives the British delegation. Then, it goes on to discuss in a very general way British policy in respect to some of these matters. The article then purports to give the agenda and it mentions first the question to which I referred, namely international liquidity. This report from the *Times,* which has all the earmarks of authenticity, goes on to say:

> The others items on the agenda will be the special and urgent help needed by India—

That is something that will be of interest to the Canadian government.

> —(and it is probable that the terms of the new British loan may not be announced until the conference); measures to stabilize commodity prices; the direction of economic expansion in the less developed countries, with new ways of providing capital and helping trade; technical assistance for these countries; economic and trading difficulties connected with agricultural and other primary production; the prospects and implications of the European common market and the proposed European free trade area; and arrangements for continuing commonwealth consultations and co-operation on economic matters.

This is a much more detailed agenda than we have received in this committee or than was given out after the meeting at Mont Tremblant last year. I, therefore, express some disappointment that we have not had the kind of discussion before a conference of this importance which I think perhaps we should have had. I know the minister could not fail to agree with me on this because he used to talk a good deal about the failure to have discussion in parliament before we, in our day, went to international conferences. I quote from *Hansard* of January 13, 1955, pages 153 and 154 when he had this to say about a commonwealth prime ministers' conference—which this conference is not—which was not heralded with all the fanfare of publicity with which this conference has been heralded. The minister had this to say, and I commend it to him as the policy that might now be followed:

> If parliamentary institutions enjoyed here in Ottawa the health that they ought to enjoy, no Canadian prime minister—

Or indeed no minister of finance, if I may interpolate that remark.

> —would go to an important commonwealth conference without having first invited a discussion in parliament on the position that he was going to take on behalf of his country in the deliberations of that conference. But such is the treatment that this government metes out to our Canadian parliament, such is the conspiracy of silence of this government on important national issues, such apparently is the minimum importance that this government attaches to this commonwealth prime ministers' conference, there is not to be a word said in this house even on the subject of the agenda. A fine demonstration of contempt for the parliament of Canada!

Then he goes on to say this:

> We might at least have had a debate on the subject, but apparently we are not going to have, even during the course of this discursive debate on

the address, any statement of the position the Prime Minister is going to take in London.

Apparently we are not going to have a debate on this subject. But notwithstanding that fact I wish the minister and the government well as they approach what is certainly going to be an important conference, the nature of which is taking a rather different form from that which was visualized a year ago but the results of which will be of importance, I am sure, and I hope of advantage not only to Canada but to the commonwealth as a whole, an association which is still of primary importance in the world, the strengthening of which would be the primary purpose, I am sure of this or any other government, irrespective of party.

Mr. Fleming (Eglinton): I thank the Leader of the Opposition for his closing words. The government will appreciate them very much. I think I should remind the Leader of the Opposition, in view of the fact that he spoke about debate, that I dealt with this subject in the budget speech, as will be found at page 1239 of *Hansard* of June 17. I reviewed the position and indicated the broad lines that we would be following at the conference in the matter of trade policy. It is all set out there very clearly.

The hon. gentleman also raised the question about emphasis at the conference. This from the beginning was always announced and regarded as a commonwealth trade and economic conference. At no time was there any suggestion that the conference should be confined to trade matters. Indeed, the economic matters on which, as a result of study, we find that commonwealth countries have common or mutual interests have been expanding and all of them are of high importance. Under developing conditions some of them are assuming more and more importance. I do not need to dwell here on questions of development of resources and the strains that have been created by programs of that kind and problems of exchange scarcities on the economic relations of countries of the commonwealth. I stressed in the budget speech that the commonwealth today is a very different commonwealth from that of 1932. Our approach to the problems that will confront us at the conference is very different from that of 1932.

My hon. friend spoke about the problem of liquidity. This is a very acute problem. It touches a good many of the economic factors in the situation and it touches on trade as well. I think it lies at the basis of a good many of the media that are used today which have the effect of restraining a trade, the whole problem of exchange restrictions and discrimination. These are associated and have been associated over the years, in the case of a number of commonwealth countries, with the exchange problem, the problem of exchange reserves. These problems must all be examined at this conference. Indeed, Mr. Chairman, there is such a multiplicity of problems of an economic nature which cannot be categorized as trade matters that it is small wonder that in the public comment on this conference the emphasis has come increasingly to be laid on the economic problems that will be submitted to the conference for discussion.

As to the agenda, I thought I was elucidating the matter by stressing the fact that the agenda is really so broad that any question of an economic nature of interest to commonwealth countries can be discussed under it. The annual meetings of finance ministers in times past have related to the position of sterling in the world. It has been customary for the chancellor of the exchequer to make a report on that matter. Then in recent years there has naturally been a good deal of interest in the commonwealth countries, particularly those that are shipping food products to the United Kingdom, in Britain's relationship to the developing free trade area in Europe. I touched on that matter in the budget speech. The agenda is a matter of public record. It is in the communique that was issued at the Mont Tremblant conference. I stressed that the study that has been given to the agenda in the interval has all been within the framework of that laid down under the communique issued a year ago.

Mr. Pearson: May I say just a final word. I do not quite recall the details of the agenda as it appeared after the Mont Tremblant conference.

Mr. Fleming (Eglinton): I have sent for it. There were either seven or eight subjects.

Mr. Pearson: I should like to ask the minister this question. I know this has to be general. I also know that at these conferences we soon get away from generalities and into committees. The committees will deal with some very hard practical and significant matters. I wonder whether in these practical subjects, in these subsections of the agenda, special consideration will be given—and I am sure it will be because the minister rather indicated it—to matters which I think perhaps are of importance and that I know will be before the conference.

One is convertibility which he mentioned. Until we can make progress there we are going to have a hard time making progress in trade. As he knows, in recent years, progress has been made. However, it has been wavering progress and there have been difficulties

which impeded it. I would hope now, because conditions are improving in the world, that a real push can be given toward convertibility.

Then related to that matter—and the London *Times* mentions this as a step further and perhaps it is on the agenda—is the relationship of at least some commonwealth countries to the European free trade area and the common market. I do not know of anything that will be more important in the long run, and maybe not such a long run. An effort has to be made to work out our relationships to this European development. It is primarily perhaps a problem for the United Kingdom because they have been engaged in a search for a solution for some time. But it is almost as important for Canada because if the United Kingdom—and surely this will be discussed at this conference—does not make an arrangement with the European free trade area, we will all be in trouble outside of the United Kingdom and maybe even the United Kingdom itself. At the same time I should hate to see the United Kingdom use the commonwealth association as a reason for not making the kind of arrangement with the European free trade area which I think is essential not only for the development of Europe but for the development of what I consider to be a major body of international economic policy, namely an Atlantic freer trade area.

Mr. Fleming (Eglinton): I assure the hon. gentleman that the two subjects he has mentioned will be very prominent in the discussions at the conference. On our part we have given a good deal of thought, study and preparation to those subjects. There can be no doubt that liquidity is essential to our hopes of closer trade and economic relations and we have been doing all in our power to urge the Canadian point of view in that respect. I can give an unqualified assurance to the hon. gentleman to that effect.

He has said, and I entirely agree with him, that some progress has been made, and my colleague, the Minister of Trade and Commerce, has announced to this house that in the next few weeks several important steps in this direction will be taken by both the United Kingdom and Australia and so far as we are in a position to urge it upon other countries of the commonwealth at that conference we shall certainly be pressing them to take whatever steps they can take to promote liquidity.

As to Canada's interest in the European economic arrangements in the free trade area, there again, there can be no difference among us. I have stated the government's position on this matter. In the budget speech on June 17, at 1238 of *Hansard* for that date I said that this matter was one which we had studied very closely and about which we have been in frequent consultation and communication with the United Kingdom. It was very fully discussed at Mont Tremblant and is a matter of very great interest on political grounds, as stated by the hon. member, and it is also of very great importance on economic grounds. Several of the countries in the commonwealth share with Canada a very direct interest in it because of the possibility of its effect on their exports of agricultural products to the United Kingdom, and I can assure the hon. gentleman that it is regarded by the government as a very important project and that it will certainly have a place of high importance in the deliberations at the conference.

Mr. Crestohl: Under this item I would like to deal with another matter, and in this respect I would like to quote the minister as he was reported in the press to the effect that timing is a very important factor in many things. Having now heard from the minister in rather jubilant terms that the conversion loan is meeting with success and that the government is now in possession of an abundance of funds, and since my subject involves the spending of some of that money, I hope that my timing is appropriate.

Mr. Fleming (Eglinton): Mr. Chairman, before the hon. member gets any further into his topic I think I had better remind him that the conversion loan has not involved the raising of any new money. It is simply an exchange of new obligations for old, and we have not gone into the market for any new money at all. As I was trying to say earlier, that still remains before us.

Mr. McIlraith: Remind him of the big deficit we have to finance.

Mr. Crestohl: This matter may increase the deficit a little but I do not think so. The minister may have some doubts as to whether the subject I am raising falls under his jurisdiction because it deals with the moneys held by the custodian of enemy property. I raised the matter in the house some months ago and I was told that I should approach the Secretary of State since the custodian falls under his jurisdiction. I then took up the matter with the Secretary of State—I am glad to see he is now in the chamber—and he said that since it involved the spending of money I should address myself to the Minister of Finance.

Mr. Fleming (Eglinton): That is one of the penalties for being the last department to be called.

Mr. Crestohl: Perhaps that might prove advantageous to the question I am about to

raise. The Prime Minister on August 15 said that this matter was receiving the consideration of the Minister of Finance and the Secretary of State, so I hope the minister will hear me on this subject.

Mr. Fleming (Eglinton): I can assure my hon. friend that I am familiar with the matter he is going to raise. I know he has raised it in the house and has corresponded with my department with respect to it. The matter is under consideration and the problem is the difference between the rights of the state and the rights of the individual having regard to the normal effect of seizures of property belonging to enemies in time of war. The case which my hon. friend is pressing involves an individual who, while a national of an enemy state—

Mr. Crestohl: Right.

Mr. Fleming (Eglinton): —nevertheless contends that he was not a willing supporter of the cause of that enemy state. The problem, furthermore, is not simplified by the fact that other countries to whose example we sometimes look have not followed a uniform course in similar matters, but I can tell the hon. member that the subject is under study and that we hope to come to some conclusion. My hon. friend will realize that the pressures of the session, as long as they last, mean that the amount of time left for personal study by a minister of some of these problems to which bulky files are attached is somewhat limited but if we ever get through with this session I can assure my friend that this is one of the files which is marked for what I hope will be an early decision.

Mr. Crestohl: I want to thank the minister for so fully and completely stating my case. I find I do not have to present any additional facts and I am pleased to hear the minister is giving the matter his active consideration.

It is also true, as the minister has said, that some countries have complied with the appeal which has been made and that other countries to which our country is closely attached have, in some cases, urged these other countries to release such assets. Since Canada has been a party to treaties urging other countries to release assets I am hoping Canada itself will act accordingly.

The matter, as the minister knows, has been outstanding for a great many years, and I am only fearful that perhaps it has been overlooked by the administration, certainly I know not intentionally. I am certain, however, that there is all the goodwill in the world on the part of the government with respect to the disposition of this problem, and if I can do anything to hasten the completion of the session I will certainly do so in order that the government may be able to attack this problem immediately.

Mr. Pickersgill: I am going to make an appeal to the minister on another subject on behalf of the 425,000 people in the province of Newfoundland. The minister, of course, is aware that in the house of assembly of the province of Newfoundland yesterday a resolution was moved by the premier of the province, seconded by the leader of the opposition there, who is a member of the minister's own party and in fact is the leader of that party in the province of Newfoundland.

Mr. Hodgson: Did that receive any consideration?

Mr. Pickersgill: I did not hear the distinguished interruption of the hon. member for Victoria (Ont.). I would like to read the text of the resolution which was adopted in the house of assembly and which was transmitted yesterday evening to the Prime Minister, a copy of which I hold in my hand. I have the whole message to the Prime Minister and I feel I should perhaps put the entire message on the record. It reads as follows:

Right Hon. John G. Diefenbaker, P.C., M.P.,
Prime Minister of Canada,
Ottawa.

In the Newfoundland legislature today I moved and Mr. Hollett the Leader of the Opposition seconded and the house unanimously adopted the following motion—

This is the text of the resolution:

Resolved the House of Assembly cordially welcomes the announcement of the Prime Minister, Right Hon. John G. Diefenbaker made in the House of Commons on August 15, 1958, that the government of Canada would not accept the recommendations of the royal commission on term 29 until they have had opportunity to give the matter more careful study. The Prime Minister's announcement is all the more welcome to this house because of the reason he gave for it namely that there appeared to be dissatisfaction in Newfoundland with the size of the amount recommended. This house declares its warm appreciation of the Prime Minister's stand and expresses the hope that it will result in a substantial increase in the size of the amount ultimately to be paid to the province on a lasting basis. In the meanwhile we urgently request the government of Canada to seek without delay the necessary parliamentary authority to pay to Newfoundland in the present session as an interim measure at least the amount that has been recommended by the royal commission. This would enable the public services and public works of the province to be continued this year without interruption or reduction thereby preventing immediate widespread unemployment and would provide ample time before the next session of parliament for the Prime Minister and his colleagues in the government of Canada to give that further study announced by the Prime Minister.

The message was signed "J. R. Smallwood". I should like to repeat that this resolution was a bi-partisan resolution moved by the

premier and seconded by the leader of the opposition, something not very usual in any of our legislative assemblies or in our parliament except on the most formal occasions. There is also other evidence I could adduce but I do not intend to take up the time of the committee in doing so. This may be taken to represent the substantial unanimity that exists in the province of Newfoundland on this very pressing question.

Lest it be thought this is a very late hour at which the assembly of Newfoundland is raising this question I will say no more than that a formal request was made, as the minister well knows, to the Prime Minister by the premier of Newfoundland in the same general terms as early as August 11, so this is not a last minute request. It is simply further evidence of how extremely urgent this is to the people—not to the government but to the people—of Newfoundland that there should be action to implement the recommendations of the McNair report at this session of parliament.

As we all know that would not be a complicated or difficult matter. All the government would have to do is bring in a message from His Excellency with a further supplementary estimate to deal with this matter before the appropriation bill is before us.

Nowhere in any public statement I have seen or heard of in any part of Canada since the report was published on July 25 is it suggested that the award is too large. There is a great deal of dissatisfaction in Newfoundland which has been supported by criticisms in other places. For example, the Fredericton *Gleaner*, a newspaper not exactly noted for its support of our party but which has been pretty consistent in its support of hon. gentlemen opposite, has supported the contention of the leader of the house and the leader of the opposition and many others in Newfoundland that the award is inadequate.

But that is not the question I seek to put before the minister or the committee at the present time. I am not seeking to debate the merits of the recommendation nor am I attempting to divert attention from the point. Since it has been suggested nowhere that the award is too large and as it is needed, as I shall seek to show, for absolutely essential services in the province of Newfoundland, we at this session and before it prorogues should meet this solemn obligation of the constitution. I describe it in that language because that is what it is.

This is not a report of an ordinary royal commission as hon. members well know. This royal commission was set up pursuant to the terms of union with Newfoundland and pursuant particularly to term 29 of the terms of union. Even though it may take a little time I feel I ought to refresh the memories of hon. members by putting the language of term 29 on the record because the whole of the subsequent argument, the whole case for urgent action, depends upon the legal and constitutional basis, the solemn obligation that our country entered into ten years ago, to carry out this term. Term 29 reads:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

Perhaps, Mr. Chairman, you would like me to call it six o'clock.

Mr. Fleming (Eglinton): Mr. Chairman, I wonder if the committee would bear with me for a moment. The Leader of the Opposition asked about the agenda for the commonwealth trade and economic conference and I told him I was sending for the reference to this subject in the Mont Tremblant communique. May I just put it on the record at this point with the consent of the committee?

Mr. Pickersgill: Mr. Chairman, if the minister would like to dispense with reading it, in placing it on the record, it would be agreeable to us.

Mr. Fleming (Eglinton): This will only take a moment, Mr. Chairman. The following is an extract from the communique referring to the commonwealth countries:

> They considered that the time is most opportune to assess these problems and opportunities jointly with particular reference to:
>
> (a) the significance for commonwealth countries of changes taking place in world trade;
>
> (b) measures to expand trade between commonwealth countries;
>
> (c) progress towards the common objective of freer trade and payments;
>
> (d) the progress and direction of economic expansion in the less developed countries of the commonwealth and the sources of capital and technical assistance that may aid in their further development;
>
> (e) economic and trade problems in regard to agriculture and other primary production;
>
> (f) the prospects and implications, especially for commonwealth countries, of the European Economic Community and the proposed free trade area;
>
> (g) arrangements for continuing commonwealth consultations on economic matters.

At six o'clock the committee took recess.

Supply—Finance

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Pickersgill: Mr. Chairman, when we rose at six o'clock for the dinner recess I had just put on the record for the benefit of hon. members the text of term 29 of the terms of the union between Canada and Newfoundland, and as briefly as I can I want to point out just precisely what it is that the commissioners were asked to do and what it is that the government of Canada is obligated to do under this solemn undertaking given at the time of union.

The purpose of the commission was to review the financial position of the province of Newfoundland—and this is the important part—and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of Newfoundland for two purposes, first, in order to continue public services at the levels and standards they had reached. Now, I want to emphasize that point to all hon. members. This award, this recommendation, of the McNair commission, is not designed or intended to improve the services in Newfoundland. All that it is intended to do is to continue them at the level they have now reached, or that they had reached at the time the commissioners were taking their evidence. Therefore, this is not something to raise standards in Newfoundland at all. This is simply something that will enable the government in that province to continue the standards attained and to do so without having a provincial tax structure more burdensome than the tax structure on the average of the three maritime provinces.

I want to emphasize the fact that there was no thought in this provision of the terms of union that any award was to be made to bring the level of Newfoundland up to that of the highest province, or the Canadian average, or even up to the level of the other maritime provinces. All that it was to do under this particular provision was to continue the existing levels and standards of services, and to do that with a burden of taxation no heavier than that in the three maritime provinces. That is all the commission had the right or the power to award; but that is our solemn responsibility in this parliament to carry out one of the articles of the terms of union, to uphold one of the provincial rights of the government and the people of Newfoundland and I submit it is our duty to do so at the earliest possible date.

In order to save time although I would like very much to do it, I am not going to read what the commission said on this subject, though it is very brief. The commission found that the levels and standards of services of the province of Newfoundland were still far below those of the rest of Canada and below those of the maritime provinces. That evidence will be found particularly at pages 8 and 9 of the report, but I repeat, the commission had no power to recommend that anything should be done to improve those levels and standards. All they could recommend was that there should be sufficient financial assistance to continue those levels and standards. The commission found—and this will be found at page 37 of the report, but I do not intend even to read it; I will just allude to it—that the burden of taxation in the province of Newfoundland was approximately equal to the average burden of taxation in the three maritime provinces. I admit this is a very difficult thing to measure and the commission said so; but I do not think there would be very great quarrel anywhere with the conclusion of the commission on that point. That means, of course, that any deficiency in revenue to maintain the existing levels and standards should not be made up by increasing provincial taxation in Newfoundland, since it was already as burdensome as in the maritime provinces, but should be made up by additional financial assistance to which the province, I emphasize, has a constitutional right under the terms of union, under the British North America Act. The commission found the deficiency to be $8 million per annum. That will be found—and it is very briefly stated—on page 40 of the report.

As I said at the beginning, and I repeat so that it will be here at this point, there is a good deal of dissatisfaction in Newfoundland, expressed by the premier, by the leader of the opposition, and by many others, that this recommendation is too low. The provincial commission recommended to the federal commission a sum almost twice as great, but I do not want to enter into that question now because it is one that the Prime Minister has promised us would be carefully considered by the government. I think we, too, like the premier of Newfoundland and the leader of the opposition, are very grateful for that undertaking on the part of the Prime Minister, as the unanimous resolution of the legislature says they are, and that question I think should be debated at another time.

What we are seeking to put forward now is to urge the government to meet this request, this bi-partisan request from Newfoundland, and to make as an interim payment the amount recommended by the commission.

There are those who may think that $8 million a year, in addition to what the province has, is a very large sum of money, but I might point out that under term 28 of the terms of union provision was made during

the first 12 years of union for transitional grants pending the determination of the permanent amount under term 29. For the first three years after confederation that transitional grant was $6,500,000, at a time when Newfoundland had roughly three-quarters of the population it has today. It may surprise some hon. members to realize how very rapid the increase in the population has been. Perhaps four-fifths would be a little more accurate than three-quarters. I have done my arithmetic rather rapidly. Those transitional grants were gradually to decrease until last year the amount was $1,400,000. This year it is $1,050,000, and it will be increasingly less next year.

I should like to point out to hon. members that last year, for various reasons which I am not going to enter into, the government of Newfoundland was not in a position to carry out many of the capital works which were planned for that year. That was not because of inclement weather or because the works did not need to be done, it was because finance was not available, and part of the reason why finance was not available was the steady decline in the amount of those transitional grants.

The award of the McNair commission is dated from April 1, 1957, which is, of course, the right date because that is the end of the eight-year period provided for in the constitution.

Therefore the amount that would be due at the present time is two years' instalment. It is provided in the report that the transitional grant should be deducted from the $8 million during the period of transitional grants so that the net amount that would be coming to the province this year and on which, since the report was published on July 25, the provincial authorities have been counting and have been expecting this parliament to make available to them, is approximately $13,500,000. I say again that this is a solemn obligation on the part of Canada, an obligation entered into at the time of union.

So much importance was attached to this solemn obligation that, as the hon. member for St. John's West will well recall, it was the policy of his party when he was in parliament some time ago to pledge themselves in advance at that time to carry out whatever the recommendations might be of the commission to be appointed, and there was some criticism of the Liberal government that the hon. gentleman will probably recall. I am not seeking to be controversial about this matter because I think the minister was showing a very commendable zeal for and interest in Newfoundland at that time, as he has since and as he did during the 1957 election campaign. I commend him for it. That was one of the principal grounds on which he urged the electors to elect him, so that he would be here to see that Newfoundland did get a fair deal in this matter. I would not be surprised if the hon. gentleman had had something to do with influencing the Prime Minister to look over the matter again to see if there could not be a larger award made to Newfoundland. But nobody knows better than the minister how urgently necessary it is that this money should be paid if the works so badly needed in Newfoundland at the present time both to raise the standards of that province to a higher level and to provide employment are to be carried on.

I know it has been argued that because Newfoundland has received $7½ million this year under the Atlantic provinces grants, as well as an additional payment similar to that made to all the other provinces because of the additional 3 per cent of the income tax, Newfoundland should have plenty of money to carry on this year. But let me remind hon. members what the situation is. The premier of the province, like the premiers of the other Atlantic provinces, had already announced his plans to use the Atlantic provinces grant in the same way that Nova Scotia, New Brunswick and Prince Edward Island can use them, not just to continue existing services but to improve services to bring them a little nearer to the level they have in Saskatchewan, and that is an entirely different thing. When the legislation covering the Atlantic provinces grants was introduced in the house we were told by the minister that their purpose was to raise levels in the Atlantic provinces.

What is going to happen this year has been explained very clearly in the budget speech delivered on Wednesday of last week, if I remember correctly, in the assembly at St. John's. The budget speech pointed out that if this payment under the McNair award was not made so that the province could use it for the purposes for which they are designed, to continue existing services, the Atlantic provinces grant in Newfoundland would have to be used to continue existing services and therefore could not be used for the purpose for which parliament intended it, namely to improve the situation in that province. Unless we act at this session we are going to be saying to Newfoundland, you have to use the Atlantic provinces grant to continue your existing services; you cannot use it the way the other Atlantic provinces can, to improve your services. And why? Because we in parliament are not carrying out our solemn undertaking, our constitutional obligation under the British North America Act. That is what we will be saying. I cannot believe that any member of this

parliament having considered the facts, because these are facts, would want to do that.

In view of conditions in Newfoundland, which have been particularly adverse this year because of the failure of the fishery and because of the difficulty of disposing of the pulp and paper products of the only other large Newfoundland industry, there is no question that the economic situation is very serious. Maintenance of existing services is going to be more difficult this year than it has been any year since confederation, particularly during the coming winter. Capital works are very urgently needed indeed. The school population of Newfoundland in proportion to the whole population is higher than it is in any other province of Canada. The shortage of schools is more acute there than anywhere else. The shortage of roads and the condition of the roads are such that there is a more urgent need for new and improved roads there than in any other part of Canada.

I could go on about all the services. No one needs to take my view of them because it is set out in the report of the royal commission. It is set out in the budget speech in Newfoundland the other day and it is a matter of common knowledge to all those who are familiar with the situation in that part of Canada. If the provincial government does not receive this money, which we have an obligation to pay to them and which they have the right to receive under the constitution, it means that the capital works that have been planned for the two purposes of raising standards in the province, not to anything like the level in the rest of Canada but to raise them to some degree, and also of providing employment, which is going to be so badly needed during the coming winter, are going to be denied to the people of Newfoundland.

We all remember—it has been referred to a good many times in the house—the statement made by the Prime Minister in Charlottetown last February a statement he made everywhere else also, that no one was going to be allowed to suffer because of unemployment. If we do not make these payments available to the government and people of Newfoundland in this session of parliament, we in this parliament are going to be creating unemployment in Newfoundland next winter. There is just no escaping that. The facts are there for anyone to see.

It is for that reason that I make no apology for joining with the premier and the leader of the opposition in Newfoundland in making this appeal to the government to act now in conformity with the unanimous request of the house of assembly of Newfoundland, supported by the Liberal majority and the Conservative minority in that assembly who have joined together because they put the interests of Newfoundland above any partisan consideration. I may say that I am seeking to make this appeal in a completely non-controversial way in the hope that it will be received by the government in the same way and that action will be taken so that a provision may be included in the appropriation act which we will pass at the end of this session to carry out this solemn constitutional obligation to which the people of Canada gave their word on the eleventh of December, 1948, when the terms of union were signed. I think it is true to say that in the history of the modern world there has been no happier union of peoples anywhere than the union between Canada and Newfoundland.

I well remember how moved I was when sitting in the gallery on one of the anniversaries of confederation I heard the hon. member for St. John's West, the minister for Newfoundland, when he was in the first parliament after confederation, use words not dissimilar from those I have now uttered. The minister, we know, was a sincere and genuine opponent of union, but he recognized that it had come to stay. He had come to the conclusion that it was a good thing for both of us. I hold the view, and I have never hesitated to express it, that the biggest gainer as the result of union was the rest of Canada. Nevertheless, I think Canada and Newfoundland have both gained. I do feel, that we do not want any blemish on this harmonious union by any feeling in any quarter that there is any attempt whatever to fail to carry out the agreement for the union or even to delay action in carrying out the agreement.

Mr. Carter: Mr. Chairman, I should like to say a few words in support of the appeal which the hon. member for Bonavista-Twillingate has made to the Minister of Finance, and to the government, to implement the recommendations of the royal commission on the economic position of Newfoundland by making an interim payment at this session. For all mainlanders confederation dates back to 1867; for Newfoundlanders confederation dates back to 1949. When confederation was being considered at that earlier date, Newfoundland decided not to join with the other provinces. There were several reasons for that, but one of the very important reasons was that Newfoundland had very small taxable resources. When consideration was being given to union with Canada in 1948, this same question was in everybody's mind: What would be the effect on provincial revenue of union with Canada? It was well known that the main sources of revenue would be taken away from Newfoundland and would be transferred to the federal government, while at the same time the province

would be left with the responsibility for the most expensive public services such as roads, schools, hospitals, health measures and so on.

The opponents of confederation, as they did in 1867, painted a very dark picture, a picture in which they said Newfoundland would be stripped of most of its sources of revenue. Confederation would result in a heavier tax burden than prevailed at that time. This was, in essence, the same argument that had been used with great effect in 1867. Subsequently, a delegation came to Canada, after confederation, to study the federal setup and try to discover just what the impact of confederation would be on provincial revenues. They studied this question for three months, not only the members of the Newfoundland delegation, but federal cabinet ministers, departmental officials and financial experts of the Bank of Canada. After studying that question for three months they had to admit that it was impossible to foresee just what effect union with Canada would have on provincial revenues. Since it was impossible to foresee what that impact would be, term 29 was drafted and inserted into the terms of union. This term 29 made provision for a review after eight years of confederation of the financial situation in Newfoundland. It was hoped it might be possible, after looking back over the course of events during the first eight years, to see more clearly what might be needed to enable the provincial government to carry out its responsibilities in the future.

I do not believe anyone had any doubt at that time that confederation would be in the best interests of the people of Newfoundland. It might bring about an increase in prosperity. But I believe that thinking people everywhere had some doubts as to whether or not it would be a good thing for the government of Newfoundland. There was some doubt as to whether or not it might place the government of Newfoundland in a position where it would be financially impossible to discharge its obligations. Now, eight years have passed. Some time ago a royal commission was set up to make this review. Recently, the report of that commission was tabled in this house. I am not going to make any remarks concerning the merits of the recommendations or the basis upon which the commission arrived at their conclusions or the adequacy of their recommendations. I merely wish to point out that after reviewing the situation this royal commission did recommend some money was needed to assist the provincial government in carrying out its obligations, and that sum of money should take the form of an annual grant.

As my colleague the hon. member for Bonavista-Twillingate has pointed out, the purpose of that grant recommended by the royal commission under term 29 was merely to continue the services at the same level as had been reached when the review was made. The provincial government knew that this would happen because term 29 was actually written into the terms of union. In preparation for that review, they put forth superhuman efforts to try to make the greatest possible improvement in our public services. Every province of Canada is striving toward the goal of improved standards of public service and improved standards of living. It is a sort of race with progress. In the early days of confederation the maritime provinces were out in front. But today, after 80 years, they are behind in that race.

Newfoundland entered that race 80 years behind the others and, therefore, we are saddled with that 80-year handicap. However, as I stated, the provincial government put forth a superhuman effort and although they made mistakes as was bound to happen they did achieve a great deal. It might be worth while to inform hon. members about some of the things that have been accomplished as a result of their efforts to extend the services in Newfoundland and compare them with the services in the maritime provinces, not compare them with the high standards of the central provinces but with the standards in the maritime provinces which, as I pointed out a few minutes ago, are still behind in the race for progress.

One of our great needs in Newfoundland is roads. Roads are more expensive to build in Newfoundland than elsewhere. It is probably twice as expensive to build roads in Newfoundland as it is to build them in any other province of Canada.

Mr. McPhillips: Oh, no; in British Columbia they are three times more expensive.

Mr. Carter: I will accept the hon. member's statement. I do not know anything about British Columbia. However, I know that they are far more expensive to build in Newfoundland than they are in Canada as a whole, having regard to average costs. In 1949 we had only 1,600 miles of road. After nine years of effort we now have 3,200 miles of road and of that 3,200 miles of road only 120 miles are paved. Let us compare our situation with that of Nova Scotia. Nova Scotia is only about half the size of Newfoundland, with an area of 22,000 square miles compared with an area of 42,200 square miles in Newfoundland. Yet Nova Scotia has 15,000 miles of road compared with 3,200 miles in Newfoundland. New Brunswick has 13,000 miles of road compared with

3,200 miles in Newfoundland. Even little Prince Edward Island with an area of 2,000 square miles, has 3,500 miles of road of which 400 miles are paved. Yet Newfoundland, with a population of over 400,000 people, still has only 3,200 miles of road.

We have one university compared with seven universities in Nova Scotia and six universities in New Brunswick. Hospital services have been more than doubled in the nine years and yet we are perhaps only within 50 per cent of what we actually need. As a result of that, Newfoundland is at least 25 years behind the rest of the maritime provinces in the standard and requirements of their public services just as the maritime provinces themselves are perhaps 25 years behind the central provinces of Ontario and Quebec.

The money provided by this grant under the terms of union which has been recommended by the royal commission is intended to enable Newfoundland only to continue 25 years behind the maritime provinces and 50 years behind the central provinces of Canada. I mention that matter in order to emphasize the fact so that hon. members will not confuse this grant under the terms of union—I refer to term 29—with the special grant for the Atlantic provinces which, as my colleague the hon. member for Bonavista-Twillingate has pointed out, was intended and was granted by this parliament to improve the services.

Every province wants to improve its services. But if this money is not forthcoming, Newfoundland will be obliged to divert funds from the special grant from its original purpose intended by this parliament in order to maintain existing services, and the result of that procedure is going to be to retard progress in Newfoundland for at least two or three years. Not only will it retard progress but it will also nullify the plans of the government which were intended to cope with the unemployment situation in Newfoundland which today is double what it has been in the worst year since confederation. This term 29 and the recommendations under this term represented the final act of union. It was, as it were, the consummation of the marriage between Newfoundland and Canada. We all want that marriage to be successful. We all want it to be a happy one. However, it cannot possibly be a happy marriage unless Newfoundland is given the same consideration as that given to the other provinces. If Newfoundland is prevented by any action of this government from using the special grant to improve services, as the other maritime provinces are doing, then we shall fall still further behind the other maritime provinces in our efforts to strive for better standards of services for our people.

Nothing should be done, Mr. Chairman, by this parliament that is going to impede Newfoundland in its efforts towards progress. The government of Newfoundland, on being made aware that the special grants would be made available, worked out a program of improved services including better schools. Some of that money was also to be spent for hospitals and a great deal of it on roads. One of the roads I hoped would go to my own riding, which would open up a rich area, perhaps the only area of development in my riding in bay D'Espoir and connect it with the trans-Canada highway. These projects would create a large amount of employment and would do a great deal to stabilize the economy of Newfoundland and to minimize the effects of the recession which we are experiencing at this time. If that cannot be done, then everybody in Newfoundland is going to suffer.

I appeal to the government to give urgent consideration to our people not only because we are making the plea but because it is the right thing to do. I believe that is the only good reason for doing anything: we must be sure that it is right. I am sure that the minister and the Prime Minister want to do the right thing by Newfoundland. Withholding this grant at this time will, in my opinion—and I am sure my opinion can be substantiated by consultation with any expert on Newfoundland—strike a blow at the economy of Newfoundland from which it will take years to recover; and even if the grant were doubled next year or in some year in the future, it would still be impossible to undo or to repair the damage which will result if some interim grant is not made at this time.

The provincial government made its plans on the basis of this grant being made available for 1957. We are now into the fiscal year of 1958. It is therefore a year behind. Whatever conclusion the Prime Minister and the cabinet may reach as to the adequacy or inadequacy of these recommendations of the royal commission, I do not think that consideration should prejudice Newfoundland's right to receive interim payments on account for the last fiscal year and for this current fiscal year. I urge the Prime Minister and the Minister of Finance to take our appeal seriously and to accede to the requests which they have received from the premier of Newfoundland and from the leader of the Conservative party in Newfoundland which show that this is a matter which is far above party politics and party division. I am sure there is no better way

in which to ensure the gratitude of Newfoundland than by taking this most needed action at this time.

Mr. Herridge: As a member from British Columbia, I wish very briefly to say that I have listened with interest and sympathy to the moving appeal of the hon. member for Bonavista-Twillingate on behalf of the people of Newfoundland. I thought his presentation of his case was statesmanlike and non-partisan and that his remarks must evoke from the minister and the members of this house a sympathetic response.

We in western Canada particularly enjoy many advantages not enjoyed by the people of the maritimes, especially in Newfoundland, and as a member representing a constituency in a province which enjoys many advantages to which the people of the maritimes look forward, I want to take this opportunity of asking the minister to give very serious consideration to the representations made by the hon. member for Bonavista-Twillingate who I think did a masterly job in presenting the case of the people of Newfoundland.

Mr. Batten: I would like to say a few words at this time in support of the appeal made by my colleague, the hon. member for Bonavista-Twillingate and also by my colleague, the hon. member for Burin-Burgeo. There is at this time very little need to recount the proceedings leading up to the joining of Newfoundland with Canada. I suspect the story is well known and those who have read the official record in *Hansard* will be fully informed of what took place at that time. The Hon. George Drew, who was then leader of the Conservative party, on Monday, February 7, 1949, had the following to say:

> As has already been pointed out by the Prime Minister, the union of Newfoundland with Canada will represent the fulfilment of the great and challenging vision of those who met in Charlottetown on September 1, 1864, in the hope of bringing together the whole of British North America as one united nation. It will give reality to the dream of Sir John A. Macdonald, whose proposals to Newfoundland for confederation were not first made at the time of the Charlottetown conference but in fact were put forward to Newfoundland in 1858. It is well to remember the significance of the fact that these proposals which were put forward to Newfoundland in 1858 brought the first favourable official response to his contention that steps should then be taken to create a federal union.

Further down in his statement Mr. Drew had this to say:

> Macdonald, Cartier, and those associated with them, were disappointed that Newfoundland did not become part of Canada in 1867, but they never despaired of ultimate success.

Towards the end of his speech, he had this to say:

> It is essential that the union be one which appeals now, and will appeal in the years ahead, to the people of Newfoundland and to the people of Canada as something which united them in spirit and in friendship even more than it did in statutory form.

It was only two months following the statement of the Hon. Mr. Drew that Newfoundland did become part of Canada and as part of Canada there were naturally terms of union between us. I know that term No. 29 has already been placed on the record, but I want to repeat part of it again as follows:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards—

I repeat that, Mr. Chairman—

> —at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

Obviously at the time these terms of union were signed it was impossible to look ahead to see what the effect of the terms of union would be on the province of Newfoundland and so, included in these terms of union was term 29 by which, after eight years, it would be possible with the help of experience in intervening years to look back on what had been done and to see how these terms of union had affected Newfoundland and what, if any, additional consideration should be given.

We know that in Newfoundland we have standards of public service which are not nearly up to the level of the standards here on the mainland. I could refer to many instances but I will just briefly mention two of them. Take, for example, our educational services, which are not nearly as good as that enjoyed by the people in any other Canadian province. We have a growing population with a great need for school expansion including those modern educational services which are being given in many places to the people of Canada.

I heard my hon. friend from Victoria, B.C., make an interjection when my colleague from Burin-Burgeo was speaking regarding the cost of highways. He may be perfectly correct in that the cost of the trans-Canada highway being built in British Columbia is much higher than it would be in Newfoundland but of course when you start to calculate the cost of that highway in any province I think you

must consider not only the cost in dollars and cents per mile but the actual cost in dollars and cents per capita.

Earlier in the session I put some figures on the record which I would like to quote again. At page 409 of *Hansard* for May 23, 1958, I said:

> I point out that the project is becoming a very expensive one for my province, not only in the sense that Newfoundland is not an easy province in which to build a highway, but it is expensive also in terms of the amount of road which has to be built by a small population. The total length of the trans-Canada highway is about 4,500 miles. The total length of that highway in Newfoundland is 610 miles, which means that while the population of Newfoundland is only 3.7 per cent of the population of all the provinces which are now under the agreement, yet the proportion of the road which they have to build is 13.3 per cent, roughly three times as much.
>
> We could compare the cost of the trans-Canada highway in Newfoundland with the cost in other provinces, for example in Alberta and in Ontario, where the number of miles per 10,000 of population is 2.8. In Manitoba the number of miles per 10,000 population is 3.7. In Saskatchewan the figure is 4.8 miles, in Nova Scotia 4.8, in British Columbia 5.7, in New Brunswick 7.1, in Prince Edward Island 7.3, while in Newfoundland the number of miles per 10,000 of population is 15.8.

I suggest to my hon. friend that while the actual cost per mile may be greater in British Columbia, the actual cost per capita in Newfoundland is far greater than in any other province of Canada. I could go on to talk about other services in Newfoundland and indicate that we still have a long way to go not only to reach the standards and levels of the maritime provinces but also to reach the standards and levels that obtain in the other provinces of Canada.

I could, of course, engage in a long speech and quote figures at length from the McNair report and also from the various briefs presented to that royal commission dealing with the situation that exists in Newfoundland but I shall not do so.

We live in a country that is known as a democratic country. We live in a country that is recognized for its practice of democracy. Democracy is, after all, an experiment in faith. It is an experiment in the faith that free men are able to retain their identity and maintain the fact that there is such a thing as unity in multiplicity. Perhaps the concept that there can be unity in multiplicity is the very basis of democracy. After all, the confederation of Canada in 1867 is a fact that goes to attest these ideas. It demonstrates that in a large country with many provinces covering a wide expanse those provinces have been able to unite to form one great nation. In 1949 Newfoundland entered that union and in doing so they, too, as an older dominion in their own right believed that there is such a thing as unity in multiplicity. Those who come from the province of British Columbia are proud that they come from that great province but I suggest to you that they are also proud because they are Canadians. We could go right across the country from Alberta to Prince Edward Island and in every province it will be found that people are proud to belong to their own province but at the same time are proud to be Canadians.

We in Newfoundland never hope to have the industrial development that exists in British Columbia. Newfoundland can never hope to be a Toronto or a Montreal. Yet, we do believe that we can be an integral part of this nation. We believe that with our God-fearing people who are resolute and determined we can make a significant contribution to this nation. We in Newfoundland are proud to be Newfoundlanders and I believe if this government gives to Newfoundland the assistance the people there deserve they in turn will be proud to be Canadians. I urge the Prime Minister, the Minister of Finance, the cabinet and hon. gentlemen of this committee to give serious consideration to the appeal made by the premier of Newfoundland, by the leader of the opposition and by the hon. members from Newfoundland here in the House of Commons on behalf of Newfoundland, for I assure you, gentlemen, that if we can give to Newfoundland the start that it deserves it will become a fine part of this country, and the loyalty to Canada on the part of the people of Newfoundland, if it is excelled in the future, will be excelled only by those who have always had the privilege of calling themselves Canadians.

Mr. Argue: Mr. Chairman, I listened with great interest this evening to the remarks made by hon. members from the province of Newfoundland and those made by my colleague the hon. member for Kootenay West. I am not well acquainted with this question but I know sufficient about it to wonder why the government has failed to act in a way that would remove this important and justifiable complaint of the province of Newfoundland.

If the discussion had nothing to do with the terms of confederation, and that is far from the case, I think hon. members would be justified in asking such consideration from the federal treasury to help them improve their health services, their roads and educational services in that province. But it is clear from the terms of confederation that within eight years from the date of union, in April, 1949, there should be consideration by the government to providing to Newfoundland such revenues as are necessary to maintain the services prevalent at that time

with a tax burden not greater than that borne by the citizens of the neighouring maritime provinces.

We have heard a great deal about national unity in this country. When the Liberal party was in power it heralded itself as the party of national unity and it was the Conservative opposition at that time, according to the Liberal members, who were bent on damaging national unity in this country. Up until this moment during this session we have seen the government take upon itself the cloak of the supporters of national unity and hon. members of the government have accused the opposition of not following policies in the interests of national unity when they were in power.

I believe if we can leave our politics aside hon. gentlemen in all parties would be found to be interested in maintaining and strengthening national unity. I believe that hon. members of this committee have great sympathy for the position being taken by the province of Newfoundland. That position is a very strong one stemming as it does from the unanimous report of the royal commission and the unanimous resolution passed by the Newfoundland house of assembly. This parliament should not allow this problem to go unsolved, should not allow this criticism to gain strength and should not permit to exist a disservice to national unity in Canada.

I have been called a lot of things in this house but I had never before been called a mainlander as I was tonight by the hon. member for Burin-Burgeo. However, I want to assure him that as one mainlander I have every sympathy for the problem put forward by the province of Newfoundland. I believe the province has an excellent and unanswerable case and that the parliament of this nation should fulfil in a generous way beyond question the terms of confederation with Newfoundland to the very letter and spirit of the agreement and if necessary should go beyond the terms of the agreement to make sure that the Canadian citizens living in the province of Newfoundland without exception are proud to be a part of this great nation.

Mr. Tucker: Mr. Chairman, it is not my intention to take up too much time of the committee at this moment but I wish to make it very clear at this stage that Newfoundland cannot afford to wait very long for definite action with respect to term No. 29 of the terms of union if we are to enjoy the full membership in the Canadian family to which we are entitled. Right now the provincial government and the entire legislature in Newfoundland regardless of party are awaiting with general concern the reaction of this government regarding the McNair report.

I wish to state that this is not a case of a have-not province looking for more money from Ottawa. It is also more than the mere fulfilment of a contractual obligation to be considered in the light of a transaction in the market place. It is rather the completion of a compact which brought two peoples together in an indissoluble union, and the success of that union depends on mutual satisfaction and, in respect of the weaker party to the union, upon their ability to find respect and happiness within the orbit of a great and growing nation.

Let me assure this committee, Mr. Chairman, with all the sincerity I can muster that Newfoundland's future as a province of Canada depends in a large measure on the action taken on this report. For some time we have heard much about this report and I assure you, Mr. Chairman, that Newfoundlanders had hopes that the cabinet would have given serious consideration to the McNair report and would have dealt with it swiftly because of its importance to Newfoundland.

Let me say as well that I had hoped as a Newfoundlander that this question of the revision of the financial term of union would be dealt with on a level that goes beyond party politics, or even the regional or provincial issues and differences that sometimes tend to keep us apart. I believe sincerely that it would be a real tragedy if the future of a great new province were to become the subject of petty haggling or even party politics. I hasten to add that I have not the slightest suggestion that this will be the case. Indeed, I have every reason to believe that the Prime Minister, his associates in the cabinet and indeed all members on both sides of this house have a high regard for Newfoundland. It is apparent that the vast majority of Canadians, both public men and private citizens, wish to see Newfoundlanders take their places as prosperous citizens in a prosperous province, sharing equally in all the undoubted benefits of Canadian citizenship.

It merely remains for me to assure this committee in all sincerity that the feeling is mutual. What Newfoundland seeks from this union is not charity. A people with more than 450 years of history behind them are much too proud for that. What we want is common justice and an opportunity to pull our weight as we have done in all cases in the past. It is not surprising, indeed it is understandable, that hon. members and all Canadians in general have little real knowledge of its people. After all, nine years of confederation is a relatively short period in which to educate a whole nation to the attributes of a neighbour and partner, particularly in view of the fact that the education job has to be done in the face of a previous century or

more of false impressions and erroneous information. Obviously, in a single speech it is going to be impossible for me to correct all the current misconceptions which even this committee may share.

I do suggest to this committee, however, that as public men it would serve us well if we were to devote some time to a study of our newest province. I believe you will find its history fascinating and its people admirable. You might learn, as I did long ago, that while the problems of Newfoundland may seem gigantic by some yardsticks, our people do not in fact require a great deal more to make them self-sufficient and give them a happy life. Newfoundland today has a desperate, almost hopeless effort to catch up with the rest of Canada. Remember that virtually all of the remainder of the nation had at least 50 years of confederation behind it before Newfoundland entered the union, and thus from that moment on, although the pact was share and share alike, it is difficult to see how Newfoundland could hope to be anything but a half century behind in its basic services.

Let me put it this way. If I entered into a partnership with a member of this house and he had $50,000 at that time while I did not have a cent, and if we accepted the fact that we would share everything equally from that point on, it stands to reason that my so-called partner would always be $50,000 better off than I. That is precisely the position of Newfoundland relative to other provinces. We got the same deal as other provinces on the trans-Canada highway but our existing roads mileage was very low and below that of other areas of this country.

We get the same federal grants, the same rental programs and the same treatment generally, but we have so much farther to come in order to achieve equality that we never can hope to catch up under such an agreement. Newfoundland needs and is to have special aid, and there is a good case to be made for such an agreement. It is a case that needs no appeal to charity or unusual generosity. Rather, it is based on logic and above all justice. It is very true that Canada has given much to Newfoundland in the past nine years and I think that union has been a good thing for the vast majority of Newfoundlanders but it is equally true, although not as widely publicized that Newfoundland has given much to Canada.

Not all of this contribution can be measured in dollars and cents, although from the financial point of view the Newfoundland role has been substantial. However, perhaps the intangibles have been even more important. Over 400,000 good citizens, a practically debt-free people, assume the responsibility for their share of Canada's debt; the world's greatest fishing grounds, strategic defence bases, airports, water power and a strong hand in dealing with the United States. All this plus much more came to Canada through its union with Newfoundland, making the union truly a two-way street of mutual benefit. Given a fair measure of the nation's wealth, Newfoundland has a bright and promising future.

Newfoundland is not greatly different from other parts of Canada and its people are pretty much like those from other constituencies. We ask nothing more than the right to earn a decent living, through our own efforts, and to enjoy for ourselves and our families that degree of basic security that has come to be regarded as our right in a nation that has not forgotten the worth of the individual.

Therefore it is on this basis that I say and believe Newfoundland should have the support of the house in seeing that a good and just case exists for an upward revision of the terms of union and that, according to the report of the royal commission, Newfoundland finances are raised to a higher level.

Mr. Pearson: Mr. Chairman, I rise not to add to the argument made but merely to join in the appeal that has been made to the government to discharge the obligation undertaken under the pact of union with Newfoundland by implementing the recommendation of the royal commission, an appeal that has now been embodied in a resolution of the house of assembly of Newfoundland moved by the premier, seconded by the leader of the opposition and passed unanimously. This, Mr. Chairman, is not a matter of generosity but a matter of justice, and I refuse to believe that justice will not be done and without delay.

Mr. Pickersgill: Is the minister not going to say something about this matter?

Mr. Fleming (Eglinton): I was about to, but is the hon. member for Welland going to speak on this subject?

Mr. McMillan: Not on Newfoundland.

Mr. Fleming (Eglinton): Mr. Chairman, I have listened with close interest to the remarks that have been made by hon. members on this subject. Admittedly it is a subject of very high importance and because of its importance, not just for one year but for years to come, it is one that requires the most careful consideration. On August 15 the Prime Minister was questioned in the house

on the subject by the Leader of the Opposition and to the hon. gentleman's question the Prime Minister made the following reply, as found on page 3581 of *Hansard*:

Mr. Speaker, this royal commission was appointed by the last government, and apparently its recommendations are not acceptable to all. I have read criticisms of various leaders in Newfoundland respecting the amount recommended, and that being so the government must give the fullest consideration to the matter before announcing the course it will follow.

Then followed a supplementary question by the hon. member for Bonavista-Twillingate.

By way of a supplementary question, Mr. Speaker, may I ask if we are to take it the government does not intend to act at this session?

To that question the Prime Minister made the following reply:

Mr. Speaker, I have nothing to add to what I have already said. Certainly this government has a responsibility to look thoroughly into the recommendations made. Those recommendations apparently not having the support of the leaders in Newfoundland, this re-emphasizes the necessity of the fullest consideration being given by the government before taking action.

That statement in the house by the Prime Minister was greeted by the premier of Newfoundland in the telegram dated August 23 that was read this afternoon by the hon. member for Bonavista-Twillingate—

Mr. Pickersgill: August 23? No, I do not think so.

Mr. Fleming (Eglinton): Oh yes, it was later on.

Mr. Pickersgill: I read the telegram embodying the resolution and no other.

Mr. Fleming (Eglinton): Perhaps, Mr. Chairman, as the hon. member for Bonavista-Twillingate has read one of these telegrams, it might not be amiss for me to read another that was received from Premier Smallwood by the Prime Minister.

Mr. Pickersgill: Would the minister permit me to ask him to read the first telegram of August 11 from the premier? If he does not happen to have it with him, I will be glad to supply him with a copy.

Mr. Fleming (Eglinton): I would be quite content if my hon. friend would read it himself.

Mr. Pickersgill: It is the beginning of the story and I am sure the minister does not want to be unfair.

Mr. Fleming (Eglinton): No.

Mr. Pickersgill: We have tried to be very fair.

Mr. Fleming (Eglinton): My hon. friend can put it on the record. I have here the telegram sent by Premier Smallwood to the Prime Minister on August 23. I do not propose to read all of it, although I will if that is desired. I am relating my remarks to what the Prime Minister had to say in the house and this is the part of the telegram that contains comment on the Prime Minister's statement in the house. The latter part of the telegram reads as follows:

I have already announced publicly that Newfoundland is grateful to you for your decision not to accept the recommendation of the McNair commission without giving it more careful consideration and I now request you to pay us the amount that is recommended while you take time to consider our request for improvement in the amount that will be paid to us on a lasting basis.

Last week the Prime Minister replied to Premier Smallwood by telegram dated August 26 reading as follows:

In reply to your telegram dated August 23. As you know, on behalf of the government of Canada I announced in House of Commons on August 15 the intention to give fullest consideration to report of royal commission on terms of union with Newfoundland and its recommendations before announcing course we will follow with respect thereto. I am glad to learn from your telegram that you approve this decision and have publicly announced that Newfoundland is grateful for it. We expect prorogation of parliament within very few days and it is quite impossible to complete full consideration of the royal commission's report in the meantime. Newfoundland is receiving $7,500,000 per annum as its share of the Atlantic adjustment grant and an additional three per cent of the yield from the personal income tax this year, neither of which would have been received by the province of Newfoundland had this government not come into office. These benefits, which incidentally exceed the amounts recommended by the royal commission, should enable you to meet the fiscal conditions described in your telegram pending final decision on recommendations of royal commission. Kind personal regards.

John G. Diefenbaker

The report of the royal commission on the terms of union with Newfoundland is an important document and the action that may be taken by parliament on that report is something that is going to play a very important role in the financial terms of union in the future and in the fiscal relations between the federal jurisdiction and the province of Newfoundland. It seemed to the government that in relation to so important a matter it was its duty to give the whole subject the fullest and most careful consideration, particularly as the recommendations of the royal commission are not satisfactory to the government of Newfoundland. That has been made very clear.

The amount recommended by way of annual payment by the royal commission is approximately half the amount that the government of Newfoundland asked for in its submission to the royal commission. It having been made perfectly clear that the recommendations of the royal commission are not acceptable to the provincial government of Newfoundland,

it has seemed more clear to the federal government that we must approach the matter with very great care and concern. I have indicated that this is not a matter for one year but one that is going to be of continuing effect in the years to come. The royal commission has not set any particular period on the time within which the proposed annual payments of $8 million less transitional grants are to run. Accordingly, Mr. Chairman, we are dealing with a very large matter.

But principally because it is something that goes to the root of the terms of union and fiscal relations between the governments of Canada and Newfoundland, it has seemed to us that this is a matter that must have the most searching study. Under the pressures that have existed in the late days of the session it has simply been physically impossible for the government to complete its consideration of this report and the important question involved. The Prime Minister has made it clear that it is the government's intention to continue to give exhaustive consideration to the matter and to the recommendations of the royal commission. That is our intention in those days that lie before us, as soon as the pressures of this session are relieved.

Mr. Pickersgill: The minister, of course, would not expect me to leave the question there. The minister I am sure, like the rest of us, has heard the old adage that half a loaf is better than no bread. What the minister is saying is that while the government considers whether or not they should increase the amount, because I cannot believe that the government is giving any consideration to decreasing the amount—at least, I hope that is not true. I cannot believe that the hon. member for St. John's West would sit in the government for a day if that were true. This consideration can only be as to whether or not the amount is to be increased. There is, in the minister's reply, no argument whatever to justify withholding from the province this amount recommended by the McNair commission of which one distinguished member was Professor John Deutsch who is perhaps better qualified than any person outside the public service or than most people in the public service to express a judgment on this matter.

Since the commission recognized that at least this amount was required, it does not seem to me there is any logic or any reason in the position taken by the minister. I am not seeking to be controversial. The minister read what I believe was the third message on this subject that was sent to the Prime Minister by the premier of Newfoundland. I have in my hand here a copy of the first message sent by the premier of Newfoundland to the Prime Minister on August 11. I make no apology for reading it because it does set out, in very clear terms it seems to me, the very modest request of this province. This is dated August 11, nearly four weeks ago. It should be remembered that while this report was not tabled until July 25, it was in the hands of the government very early in July.

Mr. Fleming (Eglinton): No.

Mr. Pickersgill: I have the dates right here.

Mr. Fleming (Eglinton): Let me put my hon. friend right about that. I do not know whether he is talking about the submission of the manuscript to the queen's printer, but certainly the report was tabled as soon as it was received from the printers. The Prime Minister had said he would do that and that was effectively done.

Mr. Pickersgill: I am not going to enter into an argument with the minister because the documentation is all here. The Prime Minister told us in the house that the report had been received, I think it was July 10, but it was not tabled until July 25 pending receipt of the printed version of the French translation. For those two weeks the government had, by the Prime Minister's own statement, this report. Since August 11 the government has had before it a solemn request from the premier of the province, made on behalf of the government of that province, for its provincial rights under the constitution. This is the message that was sent by the premier to the Prime Minister on August 11:

Right Hon. John G. Diefenbaker
Prime Minister of Canada
Ottawa

Your attention has no doubt been drawn to statements by myself and the leader of the opposition in our assembly respecting the inadequate nature of the recommendations of the royal commission on the revision of term 29 of the terms of union of Canada and Newfoundland. While I should like at a later date to make a formal submission to the federal government, I wish to stress the importance to the welfare of Newfoundland of immediate federal action on an interim basis. The commission has clearly shown that at least the amounts recommended are urgently needed to enable the provincial government to continue existing services. We plan to use our share of the Atlantic provinces grant largely for employment creating improvements in our public services. Our assembly was adjourned pending publication of the report and in order to complete our budget we need assurance that action will not be delayed in implementing the report. I appeal to you for action at the present session to discharge, at least on an interim basis, this solemn constitutional obligation of the union.

That was the appeal made by the premier to the Prime Minister on August 11. The premier renewed that appeal, as the minister pointed out, in the telegram he read

dated August 23, and on August 26 the Prime Minister replied in the terms already given. I am not going to take up time by reading them. The refusal was on the ground that this matter required further study. That was stated from the start; that was what the provincial government wanted, further study of the matter. They also urgently needed the amount recommended by the commission, and needed it now for the reasons the premier sets out here, for the welfare of the province, for the maintenance of employment, for the maintenance of essential services. This is what is being denied them and being denied in spite of this unanimous appeal from the assembly, an appeal from the premier and the leader of the opposition, the leader of the Conservative party in the province. They have joined together to ask for something for which they have a right to ask, for their rights under the constitution. That is what it is, and nothing less than that.

I cannot believe that the government has fully appreciated what this means. The Prime Minister, replying on August 26, said that the province ought to be able to get along by using the Atlantic provinces adjustment grant and the extra three per cent under the tax-sharing arrangement. Every other province has the extra three per cent under the tax-sharing arrangement. Newfoundland should not have to use that rather small sum of money to continue existing services. They should be allowed, like the rest of the provinces, to use it to improve services. In so far as the Atlantic provinces grant is concerned, what the Prime Minister was saying in his reply was that, while Prince Edward Island, Nova Scotia and New Brunswick could use the Atlantic provinces grant to improve their services, Newfoundland has to use it to maintain existing services. The statement by the Prime Minister that they would receive more under these two payments than they would under this award is, in fact, not correct. I do not accuse the Prime Minister of any deliberate intent, but in fact so far as this particular year is concerned, that is not correct. The total grant under these two provisions amounts to about $9 million, if the minister's calculation of the three per cent is correct, whereas the grant coming since April 1, 1957 and now due to Newfoundland under this other arrangement up to the same terminal date, March 31, 1959, would be $13.5 million.

Mr. Fleming (Eglinton): The hon. member is counting in the two years, less the transitional payment?

Mr. Pickersgill: Yes, and from the date of the publication of the report until the Prime Minister's message of August 26, that is what the province had every reason to expect would be paid, and paid promptly without any further consideration.

Again I do not want to be controversial, and I do not want to be critical. I have sat on the treasury benches where the minister is now and I know what it is to listen to members of the opposition, more eloquent by far than I am, denouncing the government. I know what it is like at the end of the session, and how many pressures there are on ministers. I want to take a charitable view and I feel that the government has not really had time to consider adequately what it is doing, what this refusal is going to mean. There is no doubt whatever about it, if this money is not forthcoming the road program, or a large part of it, the school-building program, the hospital program of the province of Newfoundland will have to be cancelled this year. All those who would otherwise have found work, because of the failure of the fishery, because of the short work in the woods, will be on the dole. That is what is going to happen if this is not done. It is not as though we were asking for something that was a favour, we are asking for something that is a provincial right under the terms of union, under the British North America Act.

As I say, everyone in Newfoundland wants the government to go on and consider fully the whole implications of this report. However, there is no difficulty about doing that and making this interim payment at this time. As I said in my opening remarks on this subject, all the government needs to do—and I know the process very well—is to get a message from His Excellency and bring in an item in supply which, I feel perfectly confident, if recommended by the government, would pass. I know that I would be so happy to pass it that I would not say a single word about it.

Mr. Hees: Go easy.

Mr. Pickersgill: I make that suggestion not because it is going to do me any good personally—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —but because it is going to mean that the people I represent and the people that my friends from Newfoundland, including the minister, represent in Newfoundland, will have jobs next winter which they would not have if this money is not there and because the people of that province will have services which are still away below those that exist in other provinces, but nevertheless services to which any and every Canadian should be entitled.

Mr. McMillan: The Minister of Finance is very serene now and I want to ask him a

couple of questions. This matter was raised previously. The Minister of Finance often seems to base his charges of waste and extravagance against the former government on the numbers of civil servants or the increased numbers of civil servants being employed in the various departments of government. When speaking on the budget I stated that about 70 more civil servants were employed in his department than in the time of his predecessor the previous year. The minister interrupted me to deny this statement. I would now ask the minister whether the number of civil servants is as reported in this blue book of estimates and whether it means what it says, namely that he has some 70 more civil servants. Then I have one other question.

Mr. Fleming (Eglinton): No, Mr. Chairman. The hon. member is wrong as I informed him when he made a similar remark during the course of the budget debate. The fact is that he has overlooked, and the blue book of estimates does not take account of, the number of positions that were increased in 1957-58 in the supplementary estimates of the former government. I want to make it quite clear that there has not been the increase that he has been referring to. As to the number of positions provided for by the estimates, let me tell him that the actual strength in the department at July 31, 1958 was 5,097 persons.

Mr. McMillan: I was not criticizing the minister because there were too many civil servants. I just noted that they added up to this figure, and I did not know whether this blue book meant what it said. I have one other question. It has to do with the bond issue and it is just one simple question. Does the minister know of any time in the marketing of Canadian bonds where a commission such as one per cent was paid on all or any part of a bond issue?

Mr. Fleming (Eglinton): I had those figures this afternoon and I gave them to the hon. member. I referred to the fact that the costs of the savings bond issues of the last three years had amounted to one per cent. As a matter of fact, one of them was a fraction over that. Two of them were issued by the previous government. I must remind him that the figure which he is using, if he is talking about the Canada conversion loan on which I thought we had completed our discussion this afternoon, is not simply commissions. The figure includes the one-quarter of one per cent issuing fee. There are many cases of bond issues under the former government where the combination of commission and issuing fee has amounted to one per cent. For instance, I look back and I find this. I have already mentioned the Canada savings bond series No. 11 which was issued under the former government. That was put out on a commission of three-quarters of one per cent plus an issuing fee of a quarter of one per cent, making an aggregate of one per cent. Here is a previous Canada savings issue, No. 10, where the same rates apply. Here is a previous Canada savings bond series, No. 9, where the same rates apply. Here is Canada savings bond series, No. 8, and the rate there was higher. In that case the commission paid by the government was .87 per cent and the issuing fee was a quarter of one per cent making an aggregate of 1.125 per cent.

Mr. Denis: What year was that?

Mr. Fleming (Eglinton): That was 1953. It was well within the period of the former government.

Mr. Pearson: Just to clear this matter up, will the minister tell us what is the maximum commission plus issuing fee in this recent conversion? I refer to the commission plus issuing fee.

Mr. Fleming (Eglinton): I thought we were over all that this afternoon.

Mr. Pearson: The minister must know the answer to that.

Mr. Fleming (Eglinton): I put it on the record this afternoon. It is all there on the record, the commissions—

Mr. Pearson: Plus issuing fee?

Mr. Fleming (Eglinton): Yes. I referred to the issuing fee this afternoon. The issuing fee is one quarter of one per cent.

Mr. Pearson: And the maximum commission?

Mr. Fleming (Eglinton): I gave the commissions on the various series. The commission on the 3¼ year 3 per cent bond is a quarter of one per cent. The commission on the seven-year bond, the 3¾ per cent bond is one half of one per cent. The commission on the 14-year 4¼ per cent bond is three-quarters of one per cent. The commission on the 25-year 4¼ per cent bond is one per cent. But I pointed out also that the commission does not apply to a very large block of the conversions and with respect to the conversions of all the larger subscriptions—1,200 of them—they go on the exempt list where the rates are one quarter of one per cent on the 3¼ year 3 per cent bonds and a half of one per cent on all the others. Because of the averaging, that brings the total rate down to a point where the cost averaged out in this way, including commission and the issuing fee, will be less than the percentage of cost in respect of commission

and issuing fee in respect of any of these recent Canada savings bond series.

Item agreed to.

116. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries' Improvement Loans Act and the Prairie Grain Producers' Interim Financing Act, $110,213.

Mr. Howard: I believe that under this vote comes the Fisheries Improvement Loans Act. We discussed this matter in not too much detail on the estimates of the Department of Fisheries but I should like to suggest to the minister that the Fisheries Improvement Loans Act needs a bit of revision, especially in so far as the provisions applying to native Indian fishermen who are resident on a reserve. They find a great deal of difficulty in getting loans under the Fisheries Improvement Loans Act from the banks because native Indians are not considered to be able to put up the required collateral. Invariably the Indian fishermen of whom I know who want to buy gill netters or to build a gill net boat and who need money for this purpose find that the only place where they might be able to get financial assistance is the fishing company for whom they may be working. This is a most unfortunate state of affairs, as the minister probably knows, for once a person becomes indebted to a particular company, especially if that person is a fisherman, it is most difficult to get away from the clutches of that company. There are many details of the act which require to be changed but I think one of the most important things in so far as native Indians are concerned is a revision in order that Indians may be able to borrow money under the act, if not from a bank then from a credit union; if not from a private source then through some treasury source.

I hope the minister will take this matter into consideration and will study the act to see whether or not it is possible to amend it so that native Indians will have a better opportunity to themselves finance their purchases and reconstruction of boats.

Mr. Fleming (Eglinton): I can assure the hon. member that his remarks will be noted and that the matter will be considered.

Item agreed to.

122. Cost of telephone services at Ottawa for all departments, $1,287,000.

Mr. Pearson: I would just like to draw something to the attention of the minister. If I am correct this involves an increase of about $48,000 and I cannot help but recall the days when we were in office when the minister used to single out this item as one which should always be cut and he always asked, "Why are we spending so much money on telephones?" It is now $48,000 more.

Mr. Fleming (Eglinton): I do not think this was one of my favourites. I recall that it was a favourite of one of my colleagues and I think the Leader of the Opposition is confusing us, but may I remind him that the telephone services of all government departments are charged to this government line and to the Department of Finance. It is a burden which this department has to carry for all other government departments.

The increase is to cover general expansion of telephone facilities, increase in equipment, rental and salary assessment on Bell Telephone services in the Ottawa area. The government consolidated the Bell Telephone system, which now includes the main switchboard in the Bell Telephone building and the automatic switchboards at the experimental farm, Rockcliffe and Uplands airports. The Uplands switchboard was inaugurated late in 1957 with interconnections to each of the other switchboards. Service charges for the 1958-59 fiscal year are reflected in this estimate.

Mr. Pearson: I must apologize to the minister for mistaking him for one of his colleagues. May I say that this is a reasonable expenditure, in my opinion, even though it is $48,000 more.

Item agreed to.

University grants—

127. To authorize payments to the national conference of Canadian universities in accordance with the agreement entered into between the conference and the Minister of Finance on the 26th day of March, 1957, pursuant to vote 541, Appropriation Act No. 1, 1957, $17,100,000.

(Translation):

Mr. Caron: Mr. Chairman, on this vitally important item, I think that, in view of the stand taken by the province of Quebec, we should pause for a few moments to consider this matter of assistance to education, this assistance to universities.

We know that, in 1951, the Liberal party instituted a policy of assistance to universities by granting an average of 50 cents per capita and that it subsequently increased that grant. As early as 1951, there was unanimous agreement in this house on this subject. Indeed, we can see what the Minister of National Revenue (Mr. Nowlan) said at the time, by referring to page 5021 of *Hansard*. I quote:

(Text):

I commend the Prime Minister and the government for the speed with which they have dealt with this matter.

(Translation):

And here is what the hon. member for Greenwood (Mr. Macdonnell) had to say, as found on page 2633 of *Hansard* for 1951:

(Text):

—that the Prime Minister aroused high hopes on the part of Canadian universities.

(Translation):

And now, this is what Mr. Solon Low had to say, as found on page 4279 of *Hansard* for 1951:

(Text):

I say that we are very happy that the government is taking this step now to provide some form of interim assistance to the universities.

(Translation):

As can be seen from page 4279 for *Hansard* for 1951, the then member for Saskatoon, Mr. Knight, who had always advocated aid to universities, stated that this was a matter of prime concern to him and hastened to thank the Prime Minister for the good news.

This indicates that, in 1951, there seemed to be general unanimity among the parties represented in this house with regard to increased aid for universities. In 1957 the universities were still in such a position that the government of the day felt it had to do more and to grant a further increase of 50c.

There has been talk of urgency in respect of this matter. Here is what Mr. St. Laurent had to say on the subject. Before introducing this legislation he had stated, in a lecture delivered at the University of Toronto, and this is reproduced in *Hansard* for 1951, page 2633:

(Text):

I think many of us recognize increasingly that some means must be found to ensure our universities the financial capacity to perform the many services which are required in the interest of the whole nation.

(Translation):

In 1957, I note that the present Prime Minister himself made a rather significant statement which can be found on page 400 of *Hansard*, volume I. He said at the time:

I mentioned the need of Canadian universities. The need is becoming greater as the days go by. A survey was recently made to ascertain the degree to which universities in other parts of the world are dependent on grants from the state. In Great Britain 73.6 per cent of college income is from government grants. In the United States it is 58.6 per cent, and in Canada it is 42 per cent. More and more young and worthy students are being denied admission to university because they are unable to meet the ever-rising costs of tuition. In Canadian universities, of the total income today, or until the recent increase announced by the Prime Minister in November, 30 per cent comes from student fees. In the United Kingdom it is 10.7 per cent and in the United States it is 21.4 per cent. Unless action is taken to meet that situation it cannot but result in many outstanding and potential leaders in the sciences, in the arts, and in all the different phases of living, being denied an education; for more and more tuition rates are being raised and worthy students are finding greater and greater difficulty in proceeding to senior education.

At a national conference held in November 1956 in Ottawa on the crisis in the field of higher education in Canada, the representatives of Canadian universities, in a resolution passed unanimously, expressed:

The well-considered opinion that it was their urgent responsibility to warn Canadians that the problem of universities has become a critical issue of national importance which certainly hinders our development and our status as a nation, and that this problem can only be solved by the active and immediate assistance and co-operation of all government levels in Canada, with business, industry and private benefactors.

On May 10, 1951, Mr. Cyril James, vice-chancellor and principal of McGill University said, according to a report published in the *Globe and Mail*:

(Text):

A university education costs Canadian students more than in other countries.

A young Canadian from a family of modest circumstances has less chance of getting a university education today than a youth in any other country with which I am familiar.

He urged government to participate in the cost of education because work of the universities was of vital importance to the community, and government has not lived up to this responsibility in Canada during the last two decades, as far as education of civilians was concerned.

(Translation):

Mr. George Drew said this, which is found on page 4278 of *Hansard* of 1951:

(Text):

I am sure hon. members generally will welcome any measure of assistance given in this way to the universities of Canada.

(Translation):

The word "generally" referred no doubt to a very limited number of members, such as the then member for Labelle, now Secretary of State (Mr. Courtemanche), who was more interested in politics than in the welfare of students and their families, and of institutions of higher learning.

The present Minister of Agriculture (Mr. Harkness) said, as recorded on page 488 of *Hansard* of February 19, 1951:

(Text):

I would like to say, however, that last year the resolution seemed to receive support from practically everyone who spoke, on all sides of the house. The same thing appears to be true today, so it would seem to me the time has now come to put an end to talk on the matter and let us have some action toward implementing it.

(Translation):

The Minister of Veterans Affairs (Mr. Brooks) said also, as recorded on pages 484 and 485 of *Hansard* of February 19, 1951:

(Text):

I feel that some responsibility for education must be borne by the federal government, and I could give many reasons. One of the chief reasons is that the small provinces cannot today afford to give to their people the educational facilities to which they are entitled, or that they should have. . . . I am in wholehearted support of the resolution and I hope that for the interest of Canada and for the people as a whole, from one end of the country to the other, some means may be found whereby educational opportunities may equal to all people from the Atlantic to the Pacific.

(Translation):

I note that the hon. Minister of National Revenue (Mr. Nowlan) said on December 1, 1953, as recorded on pages 506 to 509 of *Hansard*:

(Text):

What are they going to do about the problems that are facing universities in this country? Something must be done to maintain their strength, to enable them to develop, to enable them to go forward. In these days, owing to indirect action of the government, the high level of taxation and succession duties, universities are deprived of those moneys and private beneficence which at one time they used to get. I say it is the responsibility of the government to come to their assistance, and this is a reasonable proposition that is advanced by the presidents at the conference of universities.

(Translation):

I note on page 254 of *Hansard* of 1955 the following statement of the same minister:

The problem has increased alarmingly in the last few years. It is a problem, of course, which I am sure the government will have to look at in a far wider field within the next five to ten years, because we are just on the verge of a new problem with respect to universities.

He no doubt referred to the problem resulting from the increasing birth-rate and the large number of immigrants arriving in Canada.

And the same minister is reported as saying on page 5345 of *Hansard*, 1956:

Practically every university in the maritime provinces with the exception of one, is financed by private charity or by endowment.

For his part, Dr. Blair is reported as saying on page 5079 of *Hansard*, 1956, in questioning Mr. Gillis:

Is he aware that the universities have had to increase their fees and that some of the universities are running these courses at a loss? They are practically all running them at a loss. The hon. member made the statement they were in business. I cannot agree with that. They are not in business, and they are running these courses at a loss.

Mr. Low is reported as saying, on page 3401 of *Hansard*, 1956:

Yes, in another ten or twelve years the universities are going to be in exactly the same position. In fact, they are feeling the impact right now. Certainly we should look forward and make provision ahead of time for these heavy burdens that will have to be carried.

As for the member for Assiniboia (Mr. Argue)—the present house party leader of the C.C.F., reference to page 346 of *Hansard*, 1955, will show that he complained that the prime minister yielded to the Quebec premier's strait-jacketed nationalism to the extent of denying education to the other provinces.

As you can see, Mr. Chairman, sympathy is manifested on this matter by both sides of the house.

Furthermore, Monseigneur Lussier, rector of the University of Montreal, said that if a final solution was not found to the university problem, the universities would become bankrupt.

Those are the remarks of people of experience, people with a university background who appreciate what is done by the universities.

I state then that the government can be congratulated on having provided a further increase of 50 cents in university grants. This is a matter of prime importance.

To those who seem to feel that we in the province of Quebec who form the largest minority in Canada should stand apart from the others, I will say that in every country where there is a minority it is absolutely essential that that minority be intellectually superior to the majority to become equal to it in other fields. That is why we should consider that matter, not in so far as it concerns our own personal future but in so far as it involves that of generations yet to come.

The constitutional issue has been raised. On this point we all agree that section 93 of the constitution is clear and unequivocal and that it does vest the provinces with exclusive jurisdiction in the field of education.

What is the field of education? Does it mean putting up buildings? Does it mean scholarships awarded for supplementary studies? I believe that the "exclusive right in relation to education" means that the province, alone, shall exercise supervision. That is it: to supervise so that the subjects taught be in accordance with the needs of the province. There, in my mind, lies the problem. And as long as provinces maintain their authority with respect to the working out of school curricula, no constitutional problem can be said to exist. The mere fact of granting sums of money to facilitate the building of schools does not mean encroachment on the field of education and is not contrary to the spirit of section 93 of the British North America Act.

And besides, in that field—

Mr. Chairman, every time we say anything to the point, I see that the hon. member for Roberval (Mr. Tremblay) shakes with laughter, thus displaying the value of his culture.

The Solicitor General (Mr. Balcer) said, page 273 of *Hansard* for 1952. I apologize, but I have only the English version and could not find the other version.

(Text):

For instance, let us consider education. Education is the exclusive field of the provinces, granted to them by the British North America Act. While every province has always kept a jealous watch over its autonomy in the field of education, we, in the province of Quebec realize that it is the very foundation of our racial and religious survival,—

(Translation):

And the hon. member for Three Rivers continued:

(Text):

—and the population of the province of Quebec will never give up on that point. No doubt the federal government, with its millions in surpluses, will put forward very tempting offers of direct subsidies. They should know, though, as the leader of the opposition so well put it, that what the provinces need in this connection are not horse traders' gifts, but merely the respect of those ideas which served to inspire the fathers of confederation.

(Translation):

And, at pages 2543 and 2547 of *Hansard* for 1952-1953, the hon. member for Three Rivers said that education must be left entirely to the provinces; here is what that same member stated on another occasion that same year, at page 762 of *Hansard*:

(Text):

Mr. Chairman, like all other hon. members who have spoken on this subject, I am greatly alarmed by the difficult situation which the Canadian universities are in at the present time. Like all other hon. members in this house I have the greatest respect for my own alma mater, namely Laval University. I can easily picture all the problems that face this great institution at the present time, having regard to the increase in the cost of living, the increase in the cost of materials, and various other difficulties which the authorities of this great university must face at the present time. However, I am sorry to be the only voice so far which has been raised against this vote.

(Translation):

Therefore, the hon. member for Three Rivers, when he sat in the opposition, was opposed to the payment of grants to universities on the ground that such grants are unconstitutional and a violation of section 93 of the constitution of Canada. Later on, the hon. member for Three Rivers said—I quote from page 770 of *Hansard* for 1957:

Mr. Chairman, before recess I was stating my opposition to this item although, like other members of the house, I recognize the difficulties faced by Canadian universities. Quebec universities face such difficulties as do those of other provinces, and provincial governments have to make great efforts to help them.

However, he stated that he was going to vote but that he could not approve the appropriation for assistance to the universities in the 1957 estimates.

And according to the official record of 1951 —p.p. 905 to 908—the Secretary of State (Mr. Courtemanche), said the following:

(Text):

Better known as the Massey commission, it (the royal commission on national development on the arts, letters and sciences in Canada) could more accurately and more realistically be described as the royal commission for the promotion of centralization in Canada. There is no point in trying to hide the truth: the investigation in itself was a breach of provincial autonomy, as are also the attempts to implement various recommendations inconsistent with our constitution, incompatible with the sovereigny of the provinces.

(Translation):

There again in the same speech, the hon. member for Labelle objected and categorically refused to vote in favour of estimates earmarked for assistance to universities, with the excuse that such action would be unconstitutional, and in this, being in the opposition, he was going against the wishes of his then leader, Mr. Drew.

Yet, on the same constitutional issue, the Secretary of State for External Affairs (Mr. Smith), who was then president of the University of Toronto had this to say:

(Text):

Dr. Sydney Smith, then president of Toronto University, is reported in the *Globe and Mail* of May 7, 1951, as follows:

He noted that it cost the university $1,000 a year to keep one student in an art course. Yet the student pays a fee of $240.

Answering any argument that education is a provincial matter and therefore the federal government should keep out of it, he produced statistics which showed that 20 per cent of the 100,000 living alumni of the University of Toronto are in other provinces. The university is therefore making a national contribution. The same is true of all other Canadian universities.

(Translation):

Now, I should like to refer to the testimony of Mr. Cyril James, and I quote from page 512 of the 1953-54 session:

On the question of provincial rights, the brief said flatly: "There is no control of education, no infringement of provincial autonomy in the grants."

It said that: "Neither the members of parliament who voted unanimously for the grant, nor the universities of Canada which were equally unanimous in accepting it, entertained the remotest idea that the federal grant carried any implications of control."

The possibility of any future danger to provincial rights is obviated by the presence of a provincial representative on the joint federal-provincial commission which administers the grants, it added.

Then, further on we find this:

Dr. James said the land grant to Manitoba university was cited "because many men who participated in the confederation discussions were still active at that time."

And further:

..."it has never been suggested that in making such gifts the donors were legislating with respect to education"...

Similarly, while the Quebec government cannot legislate with regard to education in France, it nonetheless contributes generously to the Canadian students' house in Paris "and provides equally generous scholarships for students wishing to study in French universities."

And still further:

"It is difficult to see how the legality of such federal grants can be questioned without similarly calling into question a wide variety of governmental practices, provincial as well as federal, which have been part of our accepted tradition for many years."

Mr. Cyril James is an expert in the field of education, a man whose opinions generally carry much weight and I think he spelled out the problem as it should be when he said that no control in matters of curricula was implied. Moreover, he pointed out that the province of Quebec granted scholarships to students for studies in Paris, while at the same time giving assistance to the student house in Paris.

The Quebec government has done all that, and it claims that other governments do not have the right to intervene by offering grants to the provincial government itself, and I remember commending it for grants made to the university of Ottawa, to the St. Boniface college in Manitoba as well as to a college in the maritimes. This was excellent. I do not feel that in doing so he recognized that he was under any obligation to ask the Manitoba government, or the Ontario government or the various provincial governments in the maritime provinces for permission to grant subsidies or grants in aid to education.

Indeed, the present Prime Minister himself said on page 648 of *Hansard* for 1952 and I will quote only briefly:

(Text):

Simply paraphrasing a slogan of another day, the attitude of this party is: federal assistance ever, federal supervision never. That sums up our attitude on this matter.

(Translation):

That is why I am not in the least surprised to note that the present government has seen fit to increase those grants, in the face of ever increasing difficulties. In fact, the present Minister of Trade and Commerce stated, as will be seen on page 632 of *Hansard* for 1952:

(Text):

The answer lies in adequate financial support for education, with the federal authority providing the additional assistance that the provinces require—The provinces, unless blessed with unusual natural resources, are unable to maintain from their restricted fields of direct taxation the services required. Some people consider that federal support for education means inevitably federal control or interference. Ottawa should not be allowed to grip any part of the provincial educational system. Education is of national concern and merits support from the federal treasury. Education is not just one among many competing welfare services. It is basic to the development of a democratic society. Education is a right which should not be denied any child in Canada. Opportunity for higher education should be the privilege of every Canadian boy and girl.

(Translation):

And the minister concluded with these words:

(Text):

Present interest by the federal authorities can be increased and present federal aid to education can be enlarged without curtailing provincial jurisdiction and responsibility.

(Translation):

And the same minister also said, as will be seen in *Hansard* for the same year, page 632:

(Text):

The federal government has established a pattern of assistance without control and is showing an interest in education. Education is of national concern and merits support from the federal treasury.

(Translation):

Further, on page 625 of *Hansard* for 1952, we can read the following remarks made by the present Minister of Transport:

(Text):

Now, I believe that the federal government should make funds available on a sliding scale to help equalize the opportunity for education between the provinces . . . It would not be my intention that the federal government should take any part in the policy or administration of education. This field belongs to the provinces alone.

(Translation):

In the same debate the Minister of Veterans Affairs stated:

(Text):

I do not think for one moment that the federal government could or would interfere with laws made by the provinces concerning education. It is my belief, however, that this provision in the British North America Act is concerned chiefly with the curriculum and administration of the schools. We can still give financial aid and in no way interfere with the administration of the laws of the provinces.

(Translation):

Mr. George Drew also said, as can be seen on page 584 of the official record of the house for 1951:

(Text):

I would point out, however, that ways have been found of assisting in different fields, including the field of education, without in any way interfering with the division of constitutional responsibility.

(Translation):

I will refrain from giving other quotations because I see that my time is running out. Indeed, I could quote several people who expressed the opinion that the federal government should step in the field of education because provinces cannot alone bear the whole cost of it. All levels of government and business institutions should get together in order to give assistance.

In fact, I note the following remarks made by Mr. Knight, as taken from page 3445 of *Hansard* for 1956:

I know that education is a matter of provincial jurisdiction. I agree completely with that view so far as administration and curricula are concerned.

And that is the important point because, when the curricula are protected by the provinces, the federal government may intervene, give grants and even increase them, without encroaching on the field of education.

Mr. Maurice Breton, former member for Joliette-L'Assomption-Montcalm, had this to say, as taken from page 394 of *Hansard* for 1953-54:

Education is what we are interested in. Let us consider the matter. Evidently, under section 93, the federal government could not set up a system of education in the province of Quebec or in any other province: it could neither create boards of education nor establish school curricula. All such things come strictly under provincial jurisdiction.

But does the wording as written mean explicitly that the federal government is not authorized to intervene, even in the interest of public order and good administration of the country, and give, without restrictions and unconditionally, to a public body in need the necessary grants to enable it to attain the purpose for which it was set up?

Mr. Chairman, I see that I have nearly run out of time and I hear some hon. members—

(Text):

The Deputy Chairman: Order. I must inform the hon. member that his time has expired.

Mr. Caron: Mr. Chairman, this afternoon you permitted the minister to continue for an hour and a half. Should I not be permitted to go a little further?

The Deputy Chairman: Has the hon. member the unanimous consent of the committee to continue?

Some hon. Members: Agreed.

(Translation):

Mr. Caron: Mr. Chairman, I thank the committee for allowing me a few more minutes.

An hon. Member: Two minutes!

Mr. Caron: I said a few minutes. I know that the hon. member who has just interrupted me could not deal with that subject for more than two minutes owing to his state of mind but I have a lot more to say.

[Mr. Caron.]

Mr. Chairman, we know that it is not the first time that the federal government has given assistance in the field of education. In fact, in 1913, the federal government, led by Sir Robert Borden granted a sum of $10 million for agricultural schools. In 1919, under the government of Sir Robert Borden, a sum of $10 million was voted to help technical schools. In 1939, the government led by the Right Hon. Mr. Mackenzie King granted a sum of $4,500,000 to help our youth.

In 1952 the Liberal administration approved a grant of $51 million under the Vocational Training Co-ordination Act.

In 1951 the federal government made $7,500,000 available through a grant in aid to universities.

As you will note, these subsidies are by no means new. This is no recent policy. Indeed, we have seen that this has obtained for a considerable time.

Referring to the people of Quebec the hon. member for Burnaby-Coquitlam (Mr. Regier) made a few remarks which I felt I had to contradict in some respects but which were, in fact, quite true in others. These may be found on page 121 of *Hansard* for 1955:

The people of Quebec are suffering. They are subjected to double taxation and they are not enjoying the facilities in the field of education which they would like to have, which they ought to have and which they deserve as Canadian citizens.

In support of his arguments, the hon. member for Burnaby-Coquitlam referred to the survey that Mr. Enfield, then Liberal member for York-Scarborough, recorded in *Hansard*, on January 10, 1957, in connection with the total aid which the various federal departments had given to the provinces in the field of education. A study of that survey indicates that in 1955-56 the province of Ontario received $7,228,000, while the province of Quebec received only $2,952,000, which represents an enormous difference as compared to the other provinces. Actually, Quebec cannot afford to refuse the subsidies, because the population there is in need of education which the province is unable to provide.

I shall now refer to some excerpts of another survey recorded in *Hansard* by Mr. Knight, which indicates that in the province of Quebec, the cost of elementary and high school amounts to $139.48 per pupil, while in Ontario it amounts to $190.82.

The same survey shows that there were 1643 unqualified teachers because the school boards could not afford to pay higher salaries. That survey also showed that among pupils reaching grade 11, 9.4 per cent only are French-Canadian Catholics, while

41.8 per cent are Protestants, which shows that the situation that prevailed in 1947 has not changed very much.

It must be realized that it costs a man $1,300 a year, if he does not live in a university town, to send his son to the university. If we take the case of a father of five or six children, earning between $4,000 and $5,000 a year, how will he manage to give all his children the education which will permit them to fully develop their ability? He will have to ask certain members of his family to make enormous sacrifices so that the others may carry on their studies. Is it fair to ask a father in the province of Quebec for such a sacrifice when it is not requested of the head of a family in other provinces?

Grants where given to a provincial government should necessarily be subject to certain conditions. If the grants were made by the federal government, let us stop our fruitless fights, because we are losing precious material. Human values are being sacrificed to small party politics.

We must educate our men. They will then know how to defend the real rights of provinces and minorities. Let us eliminate true or false ignorance—and I am addressing myself more particularly to the hon. member for Roberval (Mr. Tremblay)—and the threats of extinction will forever disappear, when we create enough men of good will to ensure mutual understanding. Only at such time will we be able to speak of a Canadian nation united in its diversity.

Mr. Chairman, I will conclude on this note. We are at this time concerned with an item which we are asked to approve by the Minister of Finance. I support that item, knowing as I do that our universities and educational institutions need assistance. They require that increased assistance which the federal government has just introduced. However there are some gentlemen who, during the last general election, in the province of Quebec, were quite content to leave the universities to struggle with their difficulties and preferred to see their own fellow citizens grow in ignorance rather than accept those measures of relief which would allow them to get ahead in the intellectual field. I was just wondering how they were going to vote on this measure.

There is talk of disappearance of race and religion. However, if the race was to have disappeared, it would have happened back in 1760, at a time when there were very, very few of us, a small group of rather uneducated people. At this time, however, we make up more than one fifth of the population of this country and if we refuse these university grants, we will endanger the very life of our province. Some day we will have to go along with the rest of Canada, as long as the federal government does not interfere with the educational program of our province. I know, Mr. Chairman, that we must reach that point some day and I therefore ask that a vote be taken immediately on that item.

(Text):

The Deputy Chairman: All those in favour of vote No. 127 will please rise? Those opposed will please rise?

Item agreed to: yeas, 105; nays, 0.

Mr. Peters: It is 10.30, Mr. Chairman.

Loans, investments and increase—

503. Loan to the Ottawa Civil Service Recreational Association, on such terms and conditions as the governor in council may approve, to assist in the construction of the W. Clifford Clark Memorial Recreation Centre, $300,000.

Mr. Howard: I point out, Mr. Chairman, that it is well past 10 o'clock.

Mr. Fleming (Eglinton): Would the committee be willing to go forward and clean up the remaining items, Mr. Chairman? There are just about 10 items left altogether, including the supplementaries. I think there is nothing there that is controversial now.

Mr. Howard: Are these the further supplementary estimates?

Mr. Fleming (Eglinton): There is an item in loans and investments, and then there are the supplementaries.

Mr. Howard: We could precipitate a great deal of extra debate on these matters, and I would just as soon leave them over until tomorrow.

The Deputy Chairman: Since there must be unanimous consent to continue, I shall rise and report progress. Tomorrow, we will be starting on vote No. 503.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the leader of the house could tell us what the order of business will be for tomorrow. I presume the bill of rights comes first tomorrow. Can he tell us what will be the order of business afterwards?

Mr. Green: As I understand it, there will be speeches by the leaders of the three parties on the first reading of the bill of rights. When we get down to the orders of the day we shall commence with item No. 2—

Mr. Pickersgill: Is it proposed to have those speeches before orders of the day are reached?

Mr. McIlraith: There is introduction of bills.

Mr. Pickersgill: I know. But would the minister consider having orders of the day called first before the speeches?

Mr. Green: I am not in a position to say that tonight. I do not know that it makes very much difference. But according to the order paper these speeches would be made on the first reading. Then we shall take item No. 2, second reading of a bill to amend the Customs Act; item No. 3, a bill to amend the Canadian Citizenship Act; and then the completion of the estimates.

At 10.34 p.m. the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

PRIVY COUNCIL

Federal District Commission—

672. To provide for interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital district, $120,000.

LOANS, INVESTMENTS AND ADVANCES

Privy Council—

Federal District Commission—

694. To provide for loans to the federal district commission (hereinafter called "the commisson"), for the purpose of acquiring property in the national capital district that is not immediately required for the purposes of the commission; the loans to be made in such amounts and on such terms and conditions as the governor in council prescribes, except that when a property so acquired has been commenced to be used for a purpose of the commission, an amount equal to the cost of acquisition of the property shall be repaid from the national capital fund or other fund or account from which expenditures may be made for the purposes of the commission—further amount required, $4,500,000.

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration, $2,369,041.

113. Comptroller of the treasury—central office and branch offices administration, $18,157,142.

Administration of various acts and costs of special functions—

114. Superannuation and Retirement Acts, administration, $669,734.

115. The Bank Act—salaries and expenses of the inspector general of banks' office, $31,628.

116. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries Improvement Loans Act and the Prairie Grain Producers' Interim Financing Act, $110,213.

Tariff board—

117. Administration, $146,993.

Expenses of the Royal Canadian Mint—

118. Administration, operation and maintenance, $1,175,770.

119. Construction or acquisition of equipment, $63,270.

Payments to municipalities—

120. Grants to municipalities in accordance with the Municipal Grants Act and regulations made thereunder, $22,650,000.

Contingencies and miscellaneous—

121. To provide, subject to the approval of the treasury board, for miscellaneous minor or unforeseen expenses including authority to re-use any sums repaid to this appropriation from other appropriations and special compensation or other rewards for inventions or practical suggestions for improvements, $1,500,000.

122. Cost of telephone service at Ottawa for all departments, $1,287,000.

123. Amount required to cover losses incurred on foreign exchange tendered in payment of accounts receivable, $500.

124. Government contributions to pension plans for employees engaged locally outside Canada, $100,000.

125. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges, $1,500,000.

126. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $900,000.

University grants—

127. To authorize payments to the national conference of Canadian universities in accordance with the agreement entered into between the conference and the Minister of Finance on the 26th day of March, 1957, pursuant to vote 541, Appropriation Act No. 1, 1957, $17,100,000.

Miscellaneous grants—

128. Canadian association of consumers, $10,000.

129. Institute of public administration of Canada, $6,000.

HOUSE OF COMMONS

Friday, September 5, 1958

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

PRECEDENCE OF ORDERS OF THE DAY OVER INTRODUCTION OF BILLS

On the order:

Introduction of bills—The Prime Minister—Bill intituled: An act for the recognition and protection of human rights and fundamental freedoms.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, last night the suggestion was made that first reading of this bill should be delayed until after orders of the day. If members of the house wish that course to be followed the government is quite agreeable.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

EXTERNAL AFFAIRS

U.S.-CANADA—ANNOUNCEMENT OF JOINT MINISTERIAL COMMITTEE ON DEFENCE

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I desire to table an exchange of notes between the Canadian and United States governments concerning the establishment of a Canada-United States committee on joint defence. Hon. members will recall that the Prime Minister informed the house on July 11 of the agreement reached in the course of the visit of the President of the United States to Canada to establish a joint ministerial committee with authority to consider all matters bearing on the common defence of the North American continent. The exchange of notes which I am tabling today simply records the formal agreement of the two governments in this matter.

The decision of the two governments to establish such a joint ministerial committee stemmed from the recognition by both governments of the need to supplement existing channels of consultation in the defence field. It is intended that the committee will give periodic consideration not only to the military aspects of our common defence but also to the political and economic factors bearing on defence problems.

REPORTED SALE OF MILITARY AIRCRAFT TO U.S. FIRM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am not sure to which minister I should address this question. Perhaps in the circumstances I might address it to the Prime Minister. I regret not having been able to give him notice but the matter was just brought to my attention. It arises out of a Canadian Press dispatch of September 4 to this effect:

Two Mustang fighters were flown out of Calgary yesterday as the vanguard of nearly 100 Canadian fighter planes which have been disarmed and sold to a New York group. . . . The planes have been sold by Crown Assets Corporation to J. H. DeFuria and F. J. Ritts of De Witt, N.Y., for an undisclosed sum. Included in the purchase are more than 40 Sea Furies only recently taken out of active Royal Canadian Navy service. Eventual destination of the planes is being kept secret.

I should like to ask the Prime Minister whether in fact this sale of 100 planes has been made and what steps have been taken to ensure that these planes do not reach an undesirable destination.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish the hon. gentleman had been able to give notice so I would have been in a position to give a complete statement. However, I will do that tomorrow and go into detail. Whatever sale was made was as a result of the property in question being declared surplus to the corporation. With respect to the latter part of the statement, I may say that every course will be followed to assure that the undesirable end to which the hon. member has made reference will be prevented.

COMMUNIST CHINA—REPORTED STATEMENT ON USE OF FORCE BY U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a session-ending question to the Secretary of State for External Affairs. In view of the statement issued by President Eisenhower and Secretary of State Foster Dulles warning the government of China that the United States may use military force, including possible bombing of the Chinese mainland, if necessary to protect the islands it considers essential to the defence of Formosa; and in view of the minister's assurances on August 25 and

August 30 that the Canadian government has made no commitment to become involved in the dispute between the communist government of China and the Chinese nationals on the offshore islands, can the minister indicate how unilateral action on the part of the United States government would affect Canada and its arrangements under the NORAD agreement? Can the minister inform the house whether the government has made representations to both parties in this dispute? Has the minister any information he can give to the house with respect to developments in this most disturbing situation?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, as I came into the house I received a copy of the question which the hon. member has now addressed to me. I would observe that the hon. member is seized of the situation and that he is quite correct in using the word "may", that the United States "may" use military force.

Coming to the question "can the minister indicate how unilateral action on the part of the United States government would affect Canada", may I say that I stated in the house, as the hon. member observed, on August 25 and 30 that we have made no commitment in respect of any dispute or conflict in the Taiwan straits. In addition to that, I would say that unilateral action on the part of the United States would not involve Canada in any possible conflict in that area.

With respect to the second part of the question I point out to the house that under the earlier co-ordinated air defence scheme in North America as well as under NORAD, our air force defence squadrons would be called upon to defend Canada against an attack on Canada by hostile aircraft.

With respect to the third question, I can tell the house that I have no information to give about the situation in the Formosa straits in addition to what has appeared in the newspapers. I can assure the house that we are keeping in close touch with the various capitals with respect to this situation.

Mr. Hazen Argue (Assiniboia): If I may, I should like to ask the Secretary of State for External Affairs a supplementary question because of this grave emergency and great danger to world peace. Will Canada consider making representations to both nations in opposition to any acts that might result in a global war?

Mr. Smith (Hastings-Frontenac): May I ask for an elaboration of that question, Mr. Speaker. What does the hon. member mean by "both nations"?

[Mr. Herridge.]

Mr. Argue: By "both nations" I mean the United States and red China.

Mr. Smith (Hastings-Frontenac): In reply to that question I would say that, as is well known in the house, we have no representation in red China. With respect to the United States, we have made our position very clear and we share with that country, and this has been explicitly expressed, their grave concern about the situation and the appreciation of the great need for restraint.

PARLIAMENT BUILDINGS

REPORTED MOUNTED POLICE SECURITY GUARD IN WEST BLOCK

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to address a question to the Minister of Public Works. Can the minister inform the house as to why a most unusual procedure is followed, in that after six o'clock in the evening a member of the R.C.M.P. acts as security guard inside a government building on parliament hill, namely the west block? Why do employees of the House of Commons and Senate whose offices have been there for many years now have to sign in and sign out after six o'clock, though engaged in the work of the Senate and the House of Commons? Why, sir, do members of the House of Commons, keeping an appointment after six o'clock in the west block, have to be interrogated by the R.C.M.P. as to their business there, and sign in on the entry book before they are allowed to keep an appointment? This happened to me, sir, last night.

Hon. Howard C. Green (Minister of Public Works): This is a very interesting question. There may be many implications, but unfortunately it does not come under the Department of Public Works. We have not yet taken over the Royal Canadian Mounted Police.

Mr. Winch: I understood that all the buildings came under the Department of Public Works. I think, sir, that indirectly the matter of security and the employees of parliament comes under you, Mr. Speaker. In view of the statement of the minister, may I redirect my question now to the Minister of Justice?

Hon. E. D. Fulton (Minister of Justice): Yes, the hon. gentleman may redirect his question to me, but I cannot give him a complete answer at the moment. I was not aware until now that any member of parliament had been stopped. I shall have to look into the matter and see what the instructions are which have been issued to

the security guard before I am able to answer. I shall do that right away and let the hon. member know.

Mr. Winch: Since when have the R.C.M.P. taken over the job of security in these buildings?

Mr. Fulton: That has been the case for some time. The Royal Canadian Mounted Police are not in charge of security inside the centre block where the houses of parliament actually meet, but it is my understanding that for some time the Royal Canadian Mounted Police have been in charge of security in the other buildings, that is the east and west blocks. I know that ever since I have been here I have been accustomed to seeing a mounted police constable at the door of the east block.

Mr. Winch: I am speaking of inside the building, not outside.

Mr. Fulton: The constable stands inside. The security staff or the protective staff of parliament operate only in the centre block, to my knowledge, and the security arrangements for the other buildings are not under the control of the protective staff of the house or the Senate.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I wonder if I might have your indulgence to mention one fact. There seems to be some confusion about what the particular point is. The point concerns the House of Commons administration. Hon. members know that part of the west block was set aside for the use of the House of Commons staff, and it is the interference with the work of the House of Commons staff and the members in the performance of their duties that is at issue, as I understand it. This is quite a different thing from the point raised by the Minister of Justice.

Mr. Fulton: Not at all; the point raised by the Minister of Justice was that, as I understood it, for some years the east and west blocks have been using the security services of the R.C.M.P. To my knowledge there has never been previous objection to that. If hon. members find that questioning by the R.C.M.P. in the west block is not acceptable, then I think—

Mr. McIlraith: That is not it; that is part of the House of Commons administration. It should be the protective staff.

Mr. Fulton: If the hon. member would permit me to complete the answer, I have just pointed out that this is the first time, to my knowledge, that the point has been raised or that anyone has found it objectionable. I was going on to say that if that is the case—if there is objection—then it seems to me I might have a discussion with His Honour, Mr. Speaker, about the matter and perhaps with the leaders of the parties to see if the present system is satisfactory or whether some other system might be worked out in so far as that portion of the west block is concerned which is assigned to the House of Commons staff.

Mr. Winch: I must not be misunderstood. The point is that there has always been a commissionaire at the door of the west block, and now there is an R.C.M.P. constable inside the door of the west block. Now, for the first time in history, the civil servants who have to work there at night because we are sitting have to sign in and sign out and state their business. Why the sudden change? That is all I am asking.

TRANSPORT

SAULT STE. MARIE—FEDERAL ASSISTANCE IN SUBWAY CONSTRUCTION

On the orders of the day:

Mr. G. E. Nixon (Algoma West): I should like to direct a question to the Minister of Transport. Will the subway now under construction at the Wellington street crossing of the Algoma Central Railway in Sault Ste. Marie stand to benefit to the extent of 80 per cent of the cost out of the grade crossing fund, as provided in the legislation passed at this session?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for advising me of his intention to ask this question. I have been in touch with the board of transport commissioners, who advise that the order approving construction of the subway on Wellington street was issued on January 22, 1957. As was made clear in the house when the estimates of this department were being considered and when the bill was presented, the legislation recently passed increasing the grant that may be made from the grade crossing fund does not apply to projects that were approved prior to January 31 of this year.

IMMIGRATION

WILLIAM HEIKKILA—POSSIBLE DEPORTATION FROM U.S. THROUGH VANCOUVER

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): I would like to direct a question to the Minister of Citizenship and Immigration. In view of the strong possibility that William Heikkila will once again be deported from the United States through the port of Vancouver, would the minister say whether the Department of

Citizenship and Immigration will assume custody and control of that person or of any similar person during his or her temporary stay in Canada?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): This, of course, is a hypothetical question. The hon. member probably is aware, or should be aware, that the department is not responsible for the custody of such persons. The responsibility for their custody lies in the hands of the United States authorities, and they make their arrangements with the local police.

C. G. HANNA—INQUIRY AS TO DISPOSITION OF APPEAL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I might ask the hon. lady if she would say whether the appeal of Mr. Hanna has yet been disposed of?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I do not think so. If it has been disposed of, this has happened so recently that I have not received any word of it.

TRADE

OIL—STATEMENT ON REPORTED EXTENSION OF U.S. IMPORT QUOTAS

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, several days ago the hon. member for Assiniboia asked me to comment on a press story which attributed to Mr. Weeks, secretary of commerce of the United States, certain remarks about United States policy regarding imports of oil.

We have been fully informed by the government of the United States about its plans to reorganize regulations respecting the import of oil into the United States east of the Rocky mountains, so far as those plans have progressed to date. Since the press report to which the hon. member referred Captain Carson, the administrator of the oil import control program, has announced that there will be no change in the import quotas until the beginning of 1959. In the interval the proposed new arrangements will be published to enable interested parties to make representations, in the light of which the United States government expects to put the proposal into final form.

I can assure hon. members that the Canadian viewpoint will be kept before the government of the United States at all times.

Mr. Hazen Argue (Assiniboia): As a supplementary question, may I ask whether the minister is able to tell from the information he now has whether the United States move is directed at increasing or reducing the so-called voluntary 15 per cent reduction of imports? In other words, is what is now being done in the United States a further danger to Canada or is it likely to be of assistance to us?

Mr. Churchill: I am not sure that I can give a complete answer to the hon. member's question, but the information I have received is that the Canadian position with regard to the export of oil to the United States is not endangered.

Hon. L. B. Pearson (Leader of the Opposition): May I ask as a supplementary question whether it is the intention of the government to put this matter on the agenda of the first meeting of the United States-Canada ministerial committee on defence?

Mr. Churchill: Mr. Speaker, that will be taken into consideration.

BRIDGES

TRAIL, B.C.—STATEMENT ON PROPOSED SECOND BRIDGE ACROSS COLUMBIA RIVER

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Kootenay West asked the following question:

> Will the minister inform the house when the department of public works of British Columbia filed plans with his department for a proposed second bridge across the Columbia at Trail, and would the minister also inform the house of the developments to date with respect to approval of those plans?

The answer is that on August 13, 1958, an application under the Navigable Waters Protection Act was received from the department of highways of the government of the province of British Columbia in respect of a highway bridge proposed to be built over the Columbia river at Trail.

The proposal is being studied by engineers of the department and we are awaiting a report from the district officials.

HUMAN RIGHTS

MEASURE TO RECOGNIZE AND PROTECT HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Right Hon. J. G. Diefenbaker (Prime Minister) moved for leave to introduce Bill No. C-60, for the recognition and protection of human rights and fundamental freedoms.

He said: Mr. Speaker, because of the circumstances which have arisen, the lateness of the session and the desire of hon. gentlemen to have this matter given the fullest possible consideration, I propose on this occasion simply to follow the course that was

taken in the first session of 1957 by the then prime minister, Right Hon. Mr. St. Laurent, and I shall refer to the bill in some detail, with the permission of the house.

Thereafter views will be expressed by the Leader of the Opposition and by the hon. member for Assiniboia as the leader of his group and this measure will then remain until next session, to be introduced at the earliest possible date after full representations have been received from those organizations and individuals in our country whose interest over the years has been directed to the necessity for a bill of human rights and fundamental freedoms in our country.

I would be less than frank if I did not say that in introducing this bill I do so following years of endeavour in this regard, years of representations in which were joined others who were then in the house and by two such members in particular, Mr. M. J. Coldwell and Mr. Croll, who is now a member of the other place. I believe the introduction of this measure marks an important day for all Canadians, since it represents the attainment of a goal to which many had looked forward. It is a measure with respect to which, from 1942 onward, I have spoken in this house from time to time, and in support of which I have moved resolutions on a number of occasions.

To draft such a bill has been difficult. The desire has been to keep it strictly within the constitutional powers of the federal parliament. Its aim and purpose has been to give to parliament the opportunity of removing any future danger to the fundamental freedoms of our country, danger which has not been unapparent in the past.

The aim has also been to clothe this bill in simple language. I know there will be criticism of it in that regard, but I would point out that from the earliest biblical times those charters of freedom which have taken their places as landmarks in man's march to liberty, including the Gettysburg speech, were declarations of the rights of man phrased in vital but simple words; for, sir, human rights and fundamental freedoms require no grandiloquent words to contribute to their greatness and importance.

Today what I shall do is underline some of the steps that have been taken during the years in the advocacy of the need of a bill of rights, the necessity for a bill of rights, and the terms. Then I should like to refer to one or two matters for the purpose of assuring that the record in this regard be kept clear, to answer questions that will naturally arise such as why was a constitutional amendment not asked for rather than embodying those rights in a statute; what will happen to the other freedoms that are part and parcel of our constitutional rights which are not specifically included; what are the provisions in this bill that will assure the maintenance of the security of Canadians in the event of war or other similar national disasters?

This bill of rights and its form represent action to be taken by parliament to carry out one of the major principles of the charter of the United Nations which was designed to assure international co-operation and to ask for the promotion and encouragement of respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion.

I said this represented the first step toward the achievement of what has been in the minds of Canadian people for many years. Indeed, two petitions were brought to parliament during the years 1947 and 1948, signed by 500,000 in one case and by more than 700,000 in the other, asking for legislation to assure the maintenance of fundamental freedoms in the federal jurisdiction. To that end two committees of parliament were set up which dealt at very great length with the issues, the needs as well as the suggested draftsmanship.

I would like to refer to the divisions of this bill. It consists of two parts, the first being the bill of rights as such. It makes very clear that this bill is entirely within the legislative jurisdiction of parliament. It states:

> It is hereby recognized and declared that in Canada there have always existed and shall continue to exist the following human rights and fundamental freedoms—

May I paraphrase those freedoms. They are the right of the individual to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law; the right of the individual to protection of the law without discrimination by reason of race, national origin, colour, religion or sex; freedom of religion; freedom of speech; freedom of assembly and association; and freedom of the press.

I would point out that radio as such or broadcasting in general is not included, because freedom of the press has been defined as including freedom respecting broadcasting. Then in order to make doubly sure that there shall never be a challenge in the future there is provision which states that all the acts of the parliament of Canada enacted before or after the commencement of this portion of the bill and all orders, rules, regulations and laws in effect in Canada or in any part of Canada at the commencement of this part which are subject to be repealed, abolished or altered by the parliament of Canada, shall

be construed and applied so as not to abrogate, abridge or infringe any rights of human freedom.

Then as to the rights of the individual; the right not to be subject to cruel, inhuman or degrading treatment or punishment; to be deprived of one's rights; to be informed as to the reason for his arrest; of his right to retain and instruct counsel; also the right not to be deprived of any right except after a fair hearing in accordance with the principles of fundamental justice; the right of an individual to a fair and public hearing by an independent and impartial tribunal for the determination of any criminal charge.

Then in so far as habeas corpus is concerned no one shall be deprived of the remedy by way of habeas corpus for the determination of the validity of his detention or his release if the detention is not lawful.

Then, sir, because of the fact that the United States and many other jurisdictions have adopted bills of rights since the United States did so by the first amendment to the constitution, so as to assure that other fundamental freedoms which are not specifically designated shall not by reason of their absence be considered to be non-existent there is a provision in part II which says:

> Nothing in part I shall be construed to abrogate or abridge any human right or fundamental freedom not enumerated therein that may have existed in Canada at the commencement of this act.

This section is placed in the bill to meet the situation to which I have already made reference. A similar section was recommended by the committee of parliament presided over by Senator Roebuck as necessary to meet the situation to which I have just referred.

Then during time of war provision is made, in keeping with the experience of the United States and also the practice and procedure in the United Kingdom, that in so far as the War Measures Act is concerned the effective sections in question, 3, 4 and 5, shall come into force only upon proclamation of the governor in council declaring that war, invasion or insurrection, real or apprehended, exists. Then in order to maintain the supremacy of parliament, provision is made that the proclamation declaring that war, invasion or insurrection, real or apprehended, exists shall be laid before parliament forthwith after its issue or, if parliament is not sitting, within the first 15 days thereafter.

In other words, while experience has shown both in the United Kingdom and in the United States that in time of war rights on occasion have to be placed in pawn as security for victory, that decision hereafter must be made not by the governor in council but by parliament, thereby restoring to the representatives of the people the right to declare whether or not, for a period to be designated during the progress of war or an international catastrophe similar thereto, any rights shall be deprived except in consequence of the act of parliament.

I mentioned a moment ago that I would refer to the need for a bill of rights, for there are those who say there is no need. I read recently that the Leader of the Opposition had taken the stand that there was no need. Well, I point out that all across this nation, as a result of experiences which I raise not for the purpose of controversy but simply as a requisite in order to ascertain whether there is a need, there has been a widespread demand for action of this kind in order to preserve and maintain rights against the invasion of an all-powerful state, and I refer at all times to the federal government and federal parliament.

The Canadian constitution, it is said, grants us those rights. Well, our constitution is largely made up of the British North America Act although there are traditions, liberties and prior statutes that are part and parcel thereof as well as that unwritten heritage which is ours. Under the British North America Act it is stated that the Canadian constitution is similar in principle to that of the United Kingdom, but in the experience of the past it has been shown that this declaration does not in any way preserve and maintain fundamental freedoms or those civil liberties and human rights that should be binding on the parliament of Canada. I have here "Charters of our Freedom" prepared by the late Professor Trotter, in which he defines the question of civil liberties in these words:

> Civil liberty, or liberty of the person, means one's opportunity to live his own life free from arbitrary or illegal interference by government, or by other persons, with his movement, conduct and opinion. Enjoyment of such freedom by the members of a community can never be complete, for the very laws that safeguard the individual's liberties can do so only by placing restrictions on all persons to prevent them from conduct harmful to one another. Law guards the liberties of each of us by limiting the liberty of all. It must restrain even the rulers themselves in the exercise of their authority over their subjects.

There are many who contend that we do not need a bill of rights because parliament has in the past and can be trusted for the future to safeguard our rights and freedoms. But, sir, unfortunately that has not been the experience. The United States found it necessary to provide for a bill of rights after the constitution had been determined because immediately it became apparent that while fundamental freedoms were generally accepted as being part of the tradition and heritage of the United States and the original colonies, there were such invasions as made

action necessary. Thomas Jefferson contended that it was far better and was the only safe course to have safeguards for personal freedom on the statute books than to trust to the discretion and whims of a majority.

History also reveals that few governments with large majorities want at any time to have their power restricted. I expressed that view sitting on the other side of the house on March 24, 1952. I repeat it today because then I was in a small opposition and today I am on the government side of the house with no small membership. Experience has shown that freedom is not always safe in the custody of an overwhelmingly powerful government supported by an overwhelming majority. Large parliamentary majorities do not always ensure omnicompetence in the preservation of freedom.

I want to refer to several examples in this regard, not for the purpose of bringing up the past but simply to provide enlightenment for the future. In December, 1945, some months after hostilities had ceased and without reference to parliament, three orders in council were passed and declared to be valid by the judicial committee of the privy council, which would have exiled to Japan some 7,000 people of Japanese origin, a large proportion of whom were Canadian citizens. The fact that the privy council said that this could be done, that it was lawful, following the end of hostilities indicates the need of some restraining influence and the declaration of some principle to assure that there shall not be repetition in the future.

On October 4, 1945 an order in council was passed which swept aside habeas corpus, which denied the right of an individual to counsel. Whatever the merits may have been of the action taken, events then and subsequently established that an invasion such as that of a primary fundamental right can be made by the parliament of Canada or under order in council.

As a further example I might cite the Foreign Exchange Control Act. Provision was made under that act that anyone who in the opinion of an official had broken the law, whether or not there was any justification, however illegally he was treated, had no right of recourse to the courts. Finally that was changed. It started under order in council, strong objection was raised here in the House of Commons, and a change was made in the law, Mr. Speaker, to provide that if illegal actions were taken under this act the individual had a right of recourse to the courts; but whatever his loss, whether it amounted to $10,000 or more, the amount he could recover in the courts in the event of his success was nominal damages of $1 and no costs.

Now, these are just examples. I am not covering the ground, but I am laying the basis for an argument that there is a need. There was an order in council passed setting up a committee to investigate Eldorado. The commission had the power to examine, legally or illegally, lawfully or unlawfully, and to deny an individual who was charged or examined the right of counsel, at the same time denying any right of appeal. Unless restrained, Mr. Speaker, the pathways of power lead to the degradation of the rights of individuals. We are all human and Lord Acton's famous aphorism, sometimes misquoted, that absolute power corrupts absolutely is true whatever your party affiliations may be.

Then in December, 1945, there was introduced the transitional powers bill, subsequently withdrawn but none the less within the power of parliament, whereby the cabinet was asking, by order in council, for the complete control of property in Canada; the forfeiting of property at its will; the control of transportation by railway, water, road and air; and control over business in Canada. Subsequently alterations were made in that bill. It was withdrawn and a new bill was substituted, but those are indications of what will happen when you have a powerful parliament unless there is an overriding declaration to preserve the rights of the individual.

I can think of another example, and I opposed this but I am not saying the stand was correct. I am not here to judge. Legislation was introduced in April, 1946, which provided that from then on no transportation company in Canada could operate civil air lines. This legislation went through, but later on it became inconvenient. There was not an order in council passed, but there was a minute of council passed that operation of the statute, which had become law, should be postponed.

I might cite another example. Again I say I am mentioning these cases merely as a basis for answering those who say that a bill of rights is not necessary. In 1946, a Mr. Oatman started an action against the wheat board for certain rights which he claimed. The case came finally before the court of appeal of Manitoba. He was then in a position to launch an appeal to the Supreme Court of Canada. I do not know what the merits of the case were, whether he was right or wrong, but he was a Canadian who had the right of appeal to the courts. An order in council was passed denying him the right to appeal to the supreme

court; indeed, it denied anybody else the right to commence a similar action, or to continue an action which he had legally started.

There are many other cases here before me, but I shall not make reference to them now. They do support the stand taken by the Canadian Daily Newspapers Association, representative of 97 per cent of the English and French newspapers of Canada, that experience of the past had shown that a bill of rights was necessary and ought to be brought into being. Bruce Hutchison, writing in 1947 between May 30 and June 3, used these words:

> —the people and parliament of Canada are beginning to think that safeguards are necessary because, in recent times, basic human liberties have been infringed in this country.

He said at another time in the same series of articles:

> Thus, after assuming for 80 years that liberty was safe in Canada without any sure legal guarantee, parliament has been compelled to realize that liberty has lately been infringed by the state in a fashion unforeseen by the framers of our constitution. The infringement as yet is small, but it can grow. The purpose of a bill of rights is to make sure that it does not grow.

I have here as well the views of one who, like Mr. Hutchison, has not been known as a supporter of the party to which I belong. I refer to Professor A. R. M. Lower of Queen's University. In an article entitled "Some reflections on a Bill of Rights", he pointed out the need for a bill of rights on the basis of past experience.

If it is accepted that there is a need, then the next question that arises is this. Should it be by a constitutional amendment? I pointed out at the beginning that we in parliament have certain powers under the constitution. I have referred to some of the things that took place which are unchallengeable. Should it be by statute or by constitutional amendment? If it were a constitutional amendment, that affected only the federal jurisdiction, it could be passed by both houses of parliament and would be subject to repeal at any time in the same way a statute could be repealed.

May I digress for a moment, Mr. Speaker, and say this. If a statute is passed by parliament, the experience of the past has been that subsequent parliaments are extremely loath to make any changes in a declaration that provides for freedom on behalf of the individual. In any event, if a constitutional amendment were passed affecting only the jurisdiction of the parliament of Canada, it would be subject to repeal at any time by a vote of both houses as would a statute. On the other hand, I realize that there are many who feel that there should be a constitutional amendment binding on the federal parliament and the provincial legislatures.

All I have to say in that regard is this, Mr. Speaker. Let us clear our own doorstep first. In so far as a constitutional amendment would be concerned, the experience of 80 years indicates very clearly that the provinces, jealous of their jurisdiction, would not support a constitutional amendment applicable to themselves.

A group of distinguished Canadians submitted their views on a bill of rights to the joint committee of the Senate and the House of Commons in 1947. The list of those who urged members of parliament of all parties to establish a bill of rights contains the names of Canadians in every province, outstanding and distinguished in their respective fields including educators, legislators, newspapermen, representatives of labour and of industry. Indeed, it is a group of names that reads like a "Who's Who" in our country. They suggested that it should be by way of a constitutional amendment binding on the national government and the provinces.

I have answered that suggestion. We do not intend to refrain from proceeding with a bill of rights effective in the parliament of Canada or to delay that step, postpone it and ultimately not achieve action, when we have available here the power, the right and the exclusive jurisdiction to bring in a bill of rights within the constitutional power and the legislative ambit of the national government. Again I quote from Professor Lower in this regard:

> The question to be initially faced is whether a bill of rights should be a simple statute or whether it should be a constitutional amendment. The latter is preferable, but at our Canadian rate of proceeding it will take many years to effect. A statute, on the other hand, is repealable. Yet such a statute would constitute a declaration of principle, it would give a text from which to preach, it would form one additional hurdle for parliament to take when it next consented to abrogation of civil liberties, and would make that abrogation a much more solemn thing than it has hitherto been.

I am not going to refer in particular to the authorities on the division of power as between the federal government and the legislatures in respect of this subject. There have been a number of them in recent years. It is interesting, Mr. Speaker, to note that there was never a case in the privy council at the time when it was our supreme law body wherein an interpretation was given of the constitutional division with respect to civil rights. Some recent cases are the Saumur case, (1953) 2 Supreme Court Reports, 299; the Winner case, (1951) Supreme Court Reports, 887 which deals with interprovincial jurisdiction; the Birks case, (1955) Supreme

Court Reports, 799; and the Switzman case, (1957) Supreme Court Reports, 285.

However, in reading these authorities one feels that the question as to the division of the constitutional power over fundamental freedoms has as yet been far from interpretation and delineation. That is another reason why we, proceeding in parliament to bring about the achievement of fundamental freedoms, must scrupulously respect whatever provincial jurisdiction exists in reference in whole or in part to this matter.

As I said a moment ago, a constitutional amendment which was passed by parliament in so far as those rights are concerned and which would permit of such a declaration being made by the federal parliament would be subject to repeal as is a statute. A constitutional amendment that went ahead and did not have regard to provincial jurisdiction whatever phase of provincial jurisdiction was concerned, would simply be declared ultra vires in so far as it infringed upon provincial jurisdiction. It is for these reasons that we have determined that the course to take is to place before parliament a statute covering those freedoms which are within the jurisdiction of parliament in so far as the laws that are passed by parliament in the days ahead are concerned, or that have been passed heretofore.

In the past there have been those who have stated that a bill or rights would make ineffective that unity of action which is necessary when our security is challenged in war. That matter has been covered by the section to which I have made reference, which gives to parliament, representing all the people, the right to take positive action when and if those freedoms must be infringed upon. Britain has had similar experience and in her tradition for freedom has followed a similar course. It is interesting to note that the bill of rights of the United States, in so far as fundamental freedoms are concerned, covers only those freedoms which are subject to legislation by congress. That is something which is often forgotten. In other words, the United States congress cannot legislate on the preservation of human freedoms except those which come within the ambit of the congress of the United States. The later provisions dealing with the civil rights of individuals and constitutional amendments may be construed as applicable to individual states, but the initial ones dealing with fundamental freedoms are entirely within the jurisdiction of legislation which can be passed by the United States congress.

I mentioned habeas corpus, and I referred to an instance when it was swept away by a simple order in council. It is well to understand the position taken by Britain and by the United States in this regard. In the United Kingdom the habeas corpus act has been suspended by the British parliament. It was done in 1715, in 1745 and in 1794; it was done with respect to Ireland in 1881. This was done in each case by an act of parliament, a suspending act of a temporary nature only, and it was followed in each case by an act of indemnity to protect the executive. In the first and second world wars there was no form of suspension of habeas corpus, but wide powers were conferred on the executive by the defence of the realm act and the emergency powers act in 1914 and 1939 respectively.

In the United States the privilege of the writ of habeas corpus shall not be suspended unless when, in the case of rebellion or invasion, public safety may require it. In 1863, when it was suspended, congress authorized the president to suspend the writ and the delegated power was exercised not only by President Lincoln during that war but by President Grant during the reconstruction period.

Sir, if parliament passes this statute it will be taking a step, a major step, forward to stop the erosion of the rights of the individual within the jurisdiction of the national government. It will do more than that. I do not wish to repeat what has been said on other occasions, but I think the house will allow me to quote from my words in 1947, and, in the light of the intervening years, this still constitutes my point of view. At page 3152 of *Hansard* for May 16, 1947, I said:

> What would a bill of rights do? It would establish the right of the individual to go into the courts of this country, thereby assuring the preservation of his freedoms.
>
> A bill of rights would be a contract between the individuals of Canada and the government of Canada. It would assert the right of the individual; it would assert the right of a minority to be protected in the exercise of its rights, against the majority. It would, above all, assure that each of us would have a legal right to be heard in the courts of this country.

Then in 1952, as recorded at page 720 of *Hansard* for March 24 of that year, I said:

> A bill of rights would deny the right of any majority to interfere with my serving God as my conscience demands. It would deny the right of any government to interfere with my right to speak or write so long as I did so within the law.

Later on I had this to say:

> A bill of rights would redefine the landmarks of liberty, which are almost erased as a result of the pathways of war becoming the permanent highroads of peace.

When I say that, sir, it is not in criticism of any political party in this country; it is

a simple statement of fact. A similar situation arose in the United Kingdom because those pathways which are short-cuts in wartime are so easy to maintain that they tend to become the permanent institutions of peace.

A bill of rights would do something more; it would make parliament freedom-conscious. It would make parliament realize that rights are to be preserved. It would make parliament more cautious in passing laws that would have the effect of interfering with freedom. It would act as a landmark by means of which Canadians, through parliament, would have redeclared those things which have made Canada great. It would preserve those spiritual wells in legislative form without which freedom cannot survive. It would give to Canadians the realization that wherever a Canadian may live, whatever his race, his religion or his colour, the parliament of Canada would be jealous of his rights and would not infringe upon those rights which are dear to us all.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The cynics will say it does not go far enough. It is a first step. As the Chinese say, every journey by mankind, even a journey over a thousand years, begins with just one step taken by some individual who sees the possibilities for the future and tries to make it possible to equalize the opportunities for those of his own generation. This bill will not do everything, but I do think fair minded Canadians will agree that it is a major step forward.

I can only hope that Canadians as a whole will give to parliament the benefit of their suggestions and ideas in the next few months so we shall be able to make such amendments in the bill to be presented to the next parliament as will still the heart stirrings of those who fear for freedom in our country, assuring always the maintenance of the constitutional rights of provincial jurisdictions.

It will be a landmark as well for Canadians. Realize this; that henceforth, except within the limitations that security demands, Canadians will know that their rights are not to be loosely disregarded, and parliament will have before it at all times the warning which is emphasized in this bill of rights, namely that fundamental rights and freedoms within the federal jurisdiction shall not be made light of by this or future parliaments.

I shall say no more at this time. I hope we will be enabled next session to discuss this question again fully and completely, and that out of the counsel of parliament and the representations of our fellow Canadians, whatever changes should be made in this bill of rights can be made in the bill then to be presented, always assuring that it shall be constitutionally within the powers of parliament and in no way can transgress the constitution.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the house will have listened with the interest which the importance of the subject demands to the words of the Prime Minister in introducing this bill. I am sure that hon. members on all sides will approve the procedure which the government has adopted with regard to it, that is, giving it first reading in the closing hours of this session and then submitting it for examination and consideration at the next session of parliament.

There can be no more important questions than those of human rights and fundamental freedoms, and no questions more appropriate for parliamentary consideration. The existence and the free exercise of human rights and freedoms are the very roots of our democratic life. When these weaken, society becomes stagnant and finally servile.

It is of course true, as the Prime Minister has said, that only preliminary consideration by three members of the house can be given to this bill at this time, and no detailed analysis seems to be called for now. But, as the Prime Minister himself has indicated, it needs very careful study indeed. I am the more impressed by the necessity of this because, to me at least, it seems a little ambiguous and unclear in places, and its effect, especially in part II, might be other than is intended. It is also unclear in my mind as to the overriding effect of this bill on other legislation which might follow and the influence it might have on such legislation. That, of course, remains to be determined.

For instance, what would be the relationship of a bill of this kind to a bill which would give the governor in council power to take citizenship away from a Canadian if upon the report of a minister the governor in council was satisfied that such a Canadian did not at the time of taking the oath of allegiance intend to comply with that oath? Yet that is in a bill which we will be discussing immediately after this one. It is therefore very difficult to come to firm conclusions as to the contribution this bill can or should make to the objective we all have in mind, the more complete and the more assured protection of human rights in this country, than which, of course, there could be nothing more important.

As the Prime Minister has said, we will all have a chance to give a more considered opinion on this matter at the next session of parliament. Today, therefore, I shall confine my remarks to the general objectives of the bill which we on this side fully and

warmly support, and to the general problem of the preservation and strengthening of fundamental rights and freedoms in our Canadian democratic society. I will try to treat this subject, and that objective, in the non-partisan and rational manner which its nature warrants.

In discussing fundamental freedoms there is one which is not usually enrolled with the others but which, in my view, should guide our consideration, namely freedom from illusion. We have to approach this subject, if we would approach it constructively, free from illusion, though not, I hope, free from ideals. Let us ask ourselves first, then, what is the present situation in Canada with respect to our rights and our liberties, and I am talking now about the rights and liberties of the individual, without which there can be no rights and liberties of the state. What is our heritage in this matter? Are our rights and freedoms threatened and, if so, what can we do about it?

Those who talk about rights and freedoms usually refer, and quite rightly, to their parliamentary and democratic foundations in the United Kingdom as something we have inherited and something which can protect us, as something very precious which is ours both in law and in custom. And, of course, this heritage is a matter for Canadian pride and satisfaction.

The two British contributions to this heritage which seem to be an indispensable part of every speech on this subject are Magna Carta and the bill of rights of 1688. But it is interesting, as an illustration of how things can develop in a way which was never intended, to realize that Magna Carta when signed was a feudal, not a people's, declaration or charter. The rights and liberties which it embodied were those which the feudal lords demanded only for themselves against a despotic king. It had no provisions which gave rights or protection to the people, and no thought of promoting their democratic progress. The law to be observed was feudal law, and the liberties to be guaranteed were feudal franchises.

So far as the 1688 bill of rights is concerned, it did not proclaim or guarantee abstract rights or enunciate lofty democratic principles. It was a strictly practical document designed to ensure that governmental abuses of arbitrary monarchs should not recur.

In the light of history what, then, is the importance in political and democratic development of documents such as Magna Carta and the bill of rights? What meaning has this development and such documents for us in Canada? Their importance lies not in what these things meant at the time, but what they were made to mean by later interpretation; in the slow progress toward popular and democratic rights, progress which would certainly have been most strenuously opposed by the barons of Runnymede and by the gentry who overthrew James II. Those documents became a symbol, and therein lies their importance for the future.

Therefore we ask ourselves, can this declaratory bill in its present form, and in our federal system, become such a symbol when the very limited authority behind it to deal with civil rights is specifically recognized in its own terms? Or—and this is another question—will this recognized limitation, enshrined in a federal statute, make progress perhaps more difficult, rather than less difficult, and hinder rather than help the effort to ensure that all Canadians, wherever they live and under whatever jurisdiction they may be, will have certain basic rights and fundamental liberties guaranteed to them, rights which cannot be diminished let alone destroyed by any legislative process from any Canadian source apart, of course, from temporary and necessary surrender during a period of war or national emergency.

That surely, Mr. Speaker, is the ideal we must seek to realize while preserving the constitutional rights of every province; while preserving also the necessity, which is a primary one but which can be abused, of ensuring the security of the state. Therefore I ask again, does this bill make any advance toward this realization? Can we do more, and how? Before we can even try to answer this question we have to consider a matter which the Prime Minister has touched on, namely the position in our country in regard to jurisdiction over these matters.

Where does the constitutional authority lie in our country to deal legislatively with civil rights and fundamental freedoms? Where lies the duty to protect and to strengthen, and the power to limit and perhaps restrict them? Does it lie in the parliament of Canada or in the legislatures of the provinces, or is it divided between them?

Well, Mr. Speaker, that is no easy question to answer with any precision, to find an answer that will cover all the circumstances. Certainly the judgments of the supreme court are not clear on the matter, though it may well be that important decisions will be made before long by that court in cases that have reached it or may in due course reach it.

The preamble to the British North America Act, which was quoted by the Prime Minister states that the provinces are united into one dominion "with a constitution similar in principle to that of the United Kingdom". Deductions have been drawn from this and

impressive legal arguments advanced on it to give the federal parliament the same power over civil rights that is possessed at the present time by the parliament of the United Kingdom. Those deductions and arguments are not, I believe, confirmed by legal decisions or by constitutional practice.

After all, Mr. Speaker, the words quoted are from the preamble and not from the operative part of the British North America Act which, in terms in the operative part, gives us a constitution not unitary like that of the United Kingdom but federal, which distributes the law-making power between the central parliament and the provincial legislatures. As we know, section 92 (13) of that act gives property and civil rights to the provinces. Civil liberty and rights, therefore, it can be argued and with impressive evidence to support the argument, are in the keeping of both the federal and the provincial legislatures.

Therefore the power of parliament in this matter may mean not so much what can be done but who can do it. The courts must decide, of course, in cases of dispute which is the authority; but as I have said, our court of last resort—at least in the decisions that I have been able to study—are not very clear in this matter, at least not very clear to a layman. Parliament, incontrovertibly, does have power to make certain actions criminal offences, and this can protect civil rights. Parliament also has the broad authority under "peace, order and good government", but how far do those powers go?

The Prime Minister mentioned one or two cases. Perhaps I can mention one or two. In 1938 the Alberta press control law reached the supreme court, and three members of that court, including Chief Justice Duff, held that provincial legislatures could not limit freedom of association or of debate or of the press, and that these matters were substantially subject to federal control. But in another case the Prime Minister mentioned, the Saumur case, in 1953 five of the justices of the supreme court agreed that a province had some legislative competence in connection with freedom of religion; three, in fact, of the supreme court justices took the definite position that freedom of religion was a civil right falling within provincial jurisdiction under the civil rights provision of the British North America Act. Yet the majority of the court also refused to deny federal legislative competence in the matter, and three positively affirmed it. So where do we stand? Can our civil liberties and rights be restricted by provincial laws by giving those laws a property label? If so, where could this lead us?

[Mr. Pearson.]

On the other hand, can provincial jurisdiction be made subordinate to federal laws in this field by general application, protecting all Canadian citizens in the exercise of their fundamental rights, with punishment for those who offend against them? The fact is, Mr. Speaker, that we do not know, certainly not beyond doubt; and until we do know the question is bound to arise in our minds of the right of the parliament in Ottawa to legislate on matters which are in doubt and which are often claimed by the provinces to be within their jurisdiction. Perhaps "right" is the wrong word. Perhaps the question is more concerned with one of constitutional propriety.

The Prime Minister, as I shall attempt to show later, in the past advocated clearing up this matter by submitting a draft bill to the supreme court to determine its constitutionality, or by requesting an opinion from the court on the powers of the federal parliament in this field. This idea at the moment at least seems to have been dropped.

Another method would be a conference—and this has been referred to in debates in this house in the past—with the provinces for the purpose of seeking an agreement on this fundamental question, and afterward either to amend the British North America Act by including within it a bill of rights or to pass a bill of a less fundamental character with provincial agreement. Which of these two procedures one prefers will depend a good deal on whether one has more trust in the courts or in parliament.

There is one factor, though, that concerns constitutional amendments. If it were an amendment which covered all aspects of this question, covered all Canadian citizens in the exercise of all their fundamental rights, I believe I am right in saying that such an amendment could not be made to the British North America Act in the present circumstances except by the United Kingdom. Therefore we Canadians, in respect of a matter which concerns the rights and liberties of all Canadians, would have to go to another jurisdiction to amend our constitution to make that possible. That is something out of which no Canadian takes satisfaction.

These points, I admit, are not settled in the bill before us and it was not the intention of the bill to settle them, as the Prime Minister has pointed out. This bill is of limited scope and claims to be restricted to rights strictly within the jurisdiction of the federal parliament, whatever that jurisdiction may be.

In this respect, Mr. Speaker, this bill inevitably falls short of other proposals advanced in parliament since world war II

for the protection of the rights and liberties of Canadian citizens, including some significant ones put forward by the Prime Minister himself, one of which at least he mentioned this morning. Therefore, though it may only be a short look, I should like to look at the record of discussions on this matter that have been held in parliament. I will go back no further than 1945.

In that year a member of the C.C.F. party, the then member for Winnipeg North, made a frontal attack on the problem of the rights and liberties of the individual in Canada by proposing that a bill of rights be incorporated in our constitution as part of the British North America Act. Whether or not you agree with it, the C.C.F. took a clear-cut position on the matter then, a position which I believe they have maintained since. But that initial C.C.F. proposal was dropped in view of the fact that the government of that time was about to introduce a citizenship bill, and it was thought that there would be a discussion of this matter on that bill. But in the next year, 1946, the then member for Lake Centre, the present Prime Minister, advocated in the house a bill or declaration of rights either independently of or to be included in the citizenship bill.

In 1947 a joint committee of the house and Senate, to which the Prime Minister has referred, examined the whole matter, and there was a very interesting debate in the house on the resolution setting up that committee. The present Prime Minister had this to say in that debate, as found at page 3150 of *Hansard* for May 16, 1947:

> Declarations regarding freedom do not assure the practice of freedom; unless the right remains for the individual or the nation to have his or its rights established under law, they are but pious declarations.

For that and for other reasons, no doubt, he argued at that time that the proposed joint committee should seek the co-operation of representatives of the provinces so that, and I quote again from page 3152, "a comprehensive bill of rights might be evolved either by way of constitutional amendment or by statute." For that purpose, as he mentioned a few moments ago, he had himself drafted a bill for the proposed committee which would have provided, to use his own words, "the assurance to Canadians" of the basic freedoms which he enunciated. He made a very powerful speech on that occasion, and I should like to quote one more paragraph from it. As found on page 3158 the present Prime Minister said:

> A declaration of a bill of rights in this country would be a positive declaration on the part of men and women of all political faiths in their belief in civil liberties. Whether the federal authority has the power or not to pass legislation respecting civil liberties, its passage would strengthen the hand of the Minister of Justice in the matter of the disallowance of any statute which would deny freedom anywhere in our country.

Well, Mr. Speaker, the joint committee met in 1947 and again in 1948 having, without very much success—I hope the Prime Minister will have more success between now and next session—attempted to secure opinions from the attorneys general of the provinces and the deans of the law schools on the matters before it. The provinces of Ontario, Quebec, Alberta, Manitoba and New Brunswick gave no opinion. British Columbia and Nova Scotia took the position that these matters fell mainly within provincial jurisdiction. Those deans of law schools who replied—I am not sure whether or not the Secretary of State for External Affairs was one at that time; perhaps he had advanced beyond that stage—in general expressed the opinion that the federal parliament's power was limited in this matter.

Before the joint committee the then deputy minister of justice, Mr. Varcoe, made the following interesting but very cautious statement, and I quote from his evidence to be found on page 32 of the proceedings of the committee:

> You pass a declaration respecting those rights. What is that? It may be treated as a resolution of parliament, a mere declaration of the policy parliament would like everybody to adopt. It would be the equivalent, you might say, of a resolution of the two houses. I am talking of a bill of rights containing no penalty provisions and no sanctions—

That is true of this bill.

> —but which is a mere declaration that individuals shall have those rights. No. 1, it may be treated merely as a resolution; No. 2, it may be said to be no statute at all because it does not produce any legal consequences. Not producing any legal consequences, you cannot tell whether it is under dominion legislation or not.

Mr. Varcoe went on to say:

> When you have a division of legislative powers, you look at an act and you say, is it good or is it bad? It is good, depending upon the purpose and effect of the statute. If it has no effect and no legal purpose, then there is no way of testing whether it is good or bad.

I admit that this is a very careful approach to this problem. At that time the present Prime Minister did not approve of this cautious attitude to any great extent, and that is understandable because of his desire to get something done. In the debate in the House of Commons on April 11, 1948, the Prime Minister had this to say as found at page 2846 of *Hansard*:

> Here we are a sovereign nation among the nations of the world and promising as a signatory of the United Nations to uphold fundamental freedoms as one of the principal prerequisites for the success of the United Nations; yet the minister's attitude—

He was referring to the Liberal minister of justice.

—tonight raises a doubt whether Canada even internationally can do that which all the nations of the United Nations undertook to do when the charter was accepted.

Mr. Diefenbaker: I do not want to interrupt the hon. gentleman, but he has brought up something there that only he can answer. Having accepted the universal declaration of human rights in the United Nations which, I think I am right in saying, was submitted by most other democratic countries in the world to their respective legislatures, why was that declaration of human freedoms not submitted to the parliament of Canada?

Mr. Pearson: Mr. Speaker, the declaration of human rights of the United Nations has been accepted by Canada.

Mr. Diefenbaker: No.

Mr. Pearson: Yes, I think I am right that the declaration has been accepted. If I am wrong I will be corrected. It took some years, but I think it eventually was accepted by Canada. In any event, our hesitation in respect of this declaration, and I know something about this, arose from the fact that it included matters that were strictly within provincial jurisdiction. Therefore it could not be accepted with propriety by the Canadian delegation without having all of the provinces accept at least those parts of it which entrenched on provincial jurisdiction, and that was not done by all the provinces.

The declaration, however, is one thing. The United Nations bill of rights, which is still under discussion is something else. We made it very clear at the United Nations and I have no doubt that the present government is taking the same position that the bill could not be accepted in its present form because it would be unconstitutional for us. However to get back to the debate of 1948, on the following day, April 12, the present Prime Minister also had this to say as found at page 2856 of *Hansard*:

Some say that the right of the provinces to abrogate and interfere with the fundamental freedoms is inherent in the British North America Act, although the preamble to that act states that our constitution shall be similar to that of the United Kingdom. Those who contend that these rights rest in the provinces aver that we in this country must be a balkanized Canada whereby an individual may enjoy certain fundamental rights in one province while in another they may be denied. It is that question of legislative jurisdiction that I am asking the government of this country to submit to the supreme court.

This was in 1948.

If it is the law, then it denies to the individual that Canadian citizenship which should be the result of the measure introduced by the Prime Minister in 1944. To say that in one part of Canada a Canadian may enjoy freedom of religion and of speech and of association, all those great and abiding freedoms, and that in another province a Canadian may not enjoy them, is a denial of the possibility that we shall ever build a United Canada on the basis of equality of the individual before the law in all parts of the country.

During this discussion in the House of Commons the present Prime Minister proposed the two steps I have mentioned, one of which was a reference to the supreme court to find out, if possible, what powers the parliament of Canada had in this field and, second, the setting up of a standing committee of the House of Commons on civil rights, together with a civil liberties division in the Department of Justice. Neither of these steps is proposed in the bill before us.

This joint committee reported in 1948. It produced a very interesting report which I should like to read, but I do not believe I shall take the time of the house to do so. Two years later, in 1950—the Prime Minister made a reference to this—the Senate appointed its own special committee on human rights and fundamental freedoms with Senator Roebuck, who has always taken a great interest in this field, as chairman. This committee took voluminous evidence and heard many representations. It then came to the conclusion that an effective bill could only be worked out with the provinces for incorporation within the constitution, but that as an interim measure a declaration should be adopted limited to those rights within the jurisdiction of the federal parliament. This was the view of the Senate committee at that time, and I take it that is the view embodied in the bill before us.

Then in the next year, 1951, Mr. Coldwell, following the consistent C.C.F. attitude on this matter, moved a resolution in this house which went further because it proposed to include in the Canadian constitution, by an amendment to the British North America Act, a declaration of human rights and liberties. The present Prime Minister, in the second session of that year when the house was discussing a bill to amend the Supreme Court Act, had this to say as recorded at page 1561 of *Hansard* for December 4, 1951. In again advocating the reference of a draft bill to the supreme court he said he did so to find out "what if any of the fundamental freedoms are within the jurisdiction of the federal parliament".

He brought the matter up again in 1952 with a draft bill which could be used for this purpose. Then, leaving out the intervening years when there was some discussion in the house but nothing new of significance, we find that in 1955 the present Prime Minister

again placed his draft bill before the house and requested that it should be submitted to the supreme court for an opinion on constitutionality. During that discussion, and I recall that debate, the then minister of justice, Mr. Garson, used these words:

> The introduction of this deceptively simple but rather emotional issue into such a complex field creates a problem which . . . is an extremely difficult one. It is the problem of superimposing a bill of rights, after the United States fashion, upon the federal constitution of Canada, whose main feature, inherited from the constitution of Great Britain, is the sovereignty of its legislative bodies—

Mr. Garson went on to say:

> Now this feat . . . has never yet been accomplished in any country in the world. I might point out just one of its difficulties. It is one thing to withhold from the provincial legislative bodies legislative powers when the constitution of a country is originally formed. It is quite a different thing to withdraw from the provinces 88 years later provincial legislative powers on the strength of which at least the original provinces could argue that they entered confederation.

He said that this was involved in the issue before the house, the effect of this kind of action, whatever form it may take, upon provincial jurisdiction.

In dealing with the question of the reference to the supreme court, which used to occupy the attention of my right hon. friend, Mr. Garson said that when a question of constitutional interpretation comes before the court it usually comes in the form of a statute that has been passed. The idea Mr. Garson was expressing then was that the court should be asked to consider legislation which would deal with overt acts and not broad enunciations of desirable objectives; in other words, to consider a statute that dealt with the specific ways in which the various freedoms might be exercised or with acts which would be regarded as interference with those freedoms.

Then Mr. Garson went on to something else, and I should like to say a word about this because it seems to me to be a very important aspect of the whole question. He pointed out then what I should like to point out today, that the basic freedoms are more highly regarded and more secure to the individual in Canada than in any other country in the world, with the possible exception of Great Britain itself. We have managed to achieve that position—I am not suggesting it cannot be improved upon—without any fundamental bill of rights. Mr. Garson asked himself the question, as I ask the house, why are these rights and freedoms secure? Of course there have been infringements of them. The Prime Minister has mentioned a few from 1945 onward, and perhaps I could mention a few from 1930 to 1935.

Mr. Diefenbaker: I should like to hear them.

Mr. Pearson: In Mr. Bennett's regime there were some things done by order in council to which my hon. friend might easily take exception. However, by and large, there is no country in the world in which human rights and freedoms are more secure than in our own. Mr. Garson attempted to answer the question why in this way:

> Because they are protected by the British principle of the sovereignty of parliament. It is this British principle which the hon. member for Prince Albert proposes to abridge by attaching constitutional limitations to it in the manner of the bill of rights in the United States constitution.

I am not suggesting that the position taken by the Minister of Justice at that time, in all its details, is the correct one. I am not suggesting that the position in regard to rights and liberties in this country is perfect. It certainly is not perfect in its federal or in its provincial aspects. But I am suggesting that by the method we have followed over the years we have built up in this country a respect for freedom, a respect for human rights, which is not exceeded in any other free country in the world today. So we have to look at any proposal bearing on this matter in the light of the experience we have had. We have to be very sure before we make a change that it is going to be an effective change, and a change in the right direction.

May I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Pearson: Before one o'clock, Mr. Speaker, I was attempting to deal with some of the legal and constitutional aspects of this question of civil rights and fundamental liberties, and to trace in a brief way the parliamentary discussions of this subject since 1945, discussions which showed how very complicated the question is, especially in a federal system, and how it is possible for one's ideas to develop and even change in the consideration of this matter.

Our basic constitutional structure in Canada that we have inherited from Great Britain is based on parliamentary sovereignty, the sovereignty of the legislatures within their own jurisdictions. A bill of rights can be passed by this house in the ordinary way, but if it is no part of our constitutional structure it can be repealed or amended any time parliament so desires. I am not underestimating the

importance of the argument advanced by the Prime Minister, that the very existence of a bill of this kind, dealing as it does with such important matters, may give some assurance that it will not be interfered with by subsequent legislation. But parliament remains supreme in our system and in the power given to it in our federal constitution. Under our system—and I do not think we would wish to change it—there is no absolute protection against anything that a parliament or a legislature can do within its own jurisdiction.

Have we suffered from this situation in the past? Other countries with their written constitutions and their fundamental constitutional acts can and do talk a great deal about their fundamental rights not to be touched by ordinary legislative action and, if so touched, to be protected and restored by the courts. That is the theory behind their constitutions, and the theory of parliamentary sovereignty lies behind ours.

Certainly our parliamentary system is different. If parliament defines a civil right or an individual freedom today, it becomes law and he who violates it breaks the law. That is how we have built up our edifice of fundamental freedoms and human rights. By the same token parliament can redefine and restrict a right tomorrow. But this may seem to be a theoretical weakness. Who can say that a Canadian's rights without a bill of rights are not as well established or as well protected as those of a citizen of the United States in Alabama or in Arkansas, even with his constitutional guarantees?

The measure of our rights and liberties as Canadian citizens is the enlightenment, the tolerance and the good sense of our society as it expresses itself not only in laws and in administrative practices but in social behaviour, customs and conventions. A wise, mature and confident free society will be jealous and vigilant to ensure the rights of its citizens, even if there are no written constitutional guarantees for that specific purpose. A fearful or a subdued people under an arbitrary or reactionary government will have no rights to guarantee, no matter how many resounding bills it may pass or how many eloquent declarations it may make.

Mr. Speaker, I have heard at the United Nations, advocating human rights and fundamental freedoms with eloquence and vehemence, men who were representing states whose people were ground down by dictators or in one or two cases states which actually recognize slavery in their constitutions.

No, Mr. Speaker; rights and freedoms are not established or protected merely or primarily or often at all by proclamations of beliefs or written constitutions, but by the slow, sure building of a sound and progressive social, political and economic structure of law, justice and understanding. That has been the British way and it has worked there; and on the whole it has worked with us too.

Not only do constitutional acts or bills of rights even in free democracies not always ensure the individual of the rights and freedoms which we consider to be fundamental; arbitrary and just administration can defeat even beneficent laws and weaken the protection they are supposed to give. Furthermore, legislatures themselves and their members, even under the law, can prejudice and even destroy an individual's rights, debase his dignity and weaken his security by arbitrary investigatory processes ostensibly for the purpose of securing facts and opinions on which to base good legislation.

We have witnessed across the border legislative investigations that have degenerated into circuses or persecutions or even witch hunts. We have seen efforts made to destroy men's reputations, to violate their rights by sensational charges based on the flimsiest and most hearsay evidence, without anything approaching due process of law. There have been sordid exposures of some of the worst aspects of our democratic processes where representatives of the people have tried to fix guilt by association or assertion, by innuendo or false evidence, on those who could not defend themselves. No bill of rights in our neighbouring country was able to save some of these men. But an aroused public could and did correct many of these excesses and abuses.

Mr. Diefenbaker: Did not the Supreme Court of the United States make some decisions?

Mr. Pearson: Yes; the supreme court did make some decisions in the United States and the courts have stepped in; but they have stepped in sometimes after the damage has been done to the rights and dignity of the person affected. Neither the court nor the constitutional law of the country was able to prevent that injustice from being done or to prevent these rights from being violated. I mention this merely to indicate that a bill of rights, unless it is constitutionally guaranteed, cannot of itself prevent these abuses, nor is there any cause for Canadians to affect smugness or superiority in this matter or to pass by on the other side with an "it can't happen here" attitude.

The debasement of our legislative process which, if and when it occurs, is one way to deprive the citizen of his rights, can happen in any free country if we are not vigilant

and alert to prevent it. A parliamentary committee can become a threat to the dignity and value of this legislative process just as a congressional committee can; and no Canadian bill of rights here, any more than the bill of rights in the United States, even though hallowed by history, tradition and experience, could of itself provide a remedy. Therefore it is not only law, but it is prejudice, injustice, fear and misunderstanding which can be the greatest menaces to democratic rights and freedoms. Against these, and the bad or merely careless people who foster and exploit them, a bill of rights cannot save us. It can help, along with a vigilant public opinion and a free and independent judiciary, but it alone cannot save us. The remedy here lies in destroying prejudice and injustice, and in eliminating fear and misunderstanding. It is not enough to express an ideal in a bill, valuable as that may be; it has to be protected in practice. The rights and freedoms of a citizen must be in his heart, to be passionately desired and in his actions, to be deserved.

A venerable and great American, Judge Learned Hand, had this to say a few years ago in one of his essays:

> I often wonder whether we do not rest our hopes too much upon constitutions, upon laws and upon courts.

This gentleman is still one of the greatest luminaries of the judicial system on the other side of the line. He continued as follows:

> These are false hopes; believe me, these are false hopes. Liberty lies in the hearts of men and women; when it dies there, no constitution, no law, no court can save it; no constitution, no court and no law can even do much to help it. But while it lies there it needs no constitution, no law, no court to save it.

I agree with the Prime Minister when he said this morning that the dangers to rights and freedom are always present. He quoted Professor Lower I believe twice this morning, and I wish to quote another paragraph, from Professor Lower's book The Spirit of our Institutions, as follows:

> The conflict between liberty and order is never-ending and humanity oscillates between the two. Left to himself, the average man might show small concern for the common good, and anarchy would ensue. But it is equally true that, left to himself, the governor, be he civil servant, minister, or prince, would show small concern for the freedom of the average man, and despotism would ensue.

It is therefore today a wise instinct that causes us to sound the alarm that the individual's rights are in danger; it is a wise instinct that prompts us to seek ways of protecting them against the forces that would weaken them, against the growing demands and pressures of the state, and not only of the state but of the state within the state. This is a time of bigness but not always a time of greatness. It is an age of consolidation of smaller units into big ones in every sphere of human activity, of concentration of power and authority. Against this bigness, this power, whether exercised by government or outside of government, the individual, the little man of the cartoonist, is having a hard time to maintain, let alone to strengthen, his rights as a free man, to keep control over his own activities, indeed to retain even a sense of his own identity—so easily can he become lost in the complicated social and economic society of our time.

This, in a free society, is partly his own fault, and it is partly our fault. He has asked and we have asked for security along with freedom. Indeed he might say to himself, our little man, of what avail is freedom if it is only freedom to fight to survive in a jungle of competitive existence? While that may be true, it is surely utterly unrealistic to ask the government to do the things for the individual which he now considers essential in the interests of his social and economic security and, at the same time, to expect the government not to grow big and powerful in the process and not to interfere more and more with our normal activities. So, Mr. Speaker, we ourselves are responsible for many of the pressures on our independence and for much of the weakening of our individual rights.

When the demand of the citizen for security is stronger than his desire for liberty and rights, then we are in danger, and no bills or declarations or constitutional guarantees will save us. So let us not deceive ourselves. This bill of itself may not be able to do very much. It is limited. I am not quarrelling with that fact at the moment, but it is limited in more ways than constitutionally—

Mr. Diefenbaker: What does the hon. gentleman mean when he says it is limited in more ways than constitutionally?

Mr. Pearson: I indicated this morning, Mr. Speaker, that by inclusion in the bill certain things are reserved to the federal parliament and by implication certain things are left to the provincial legislatures, and therefore by this kind of definition perhaps there may be a limitation which we do not have in mind at the present time. I am not putting this forward as a final conclusion but I do suggest, as I suggested at the beginning of my speech, that this bill will bear a great deal of examination, the kind of examination it is going to get between now and the next session, it has limitations, but this bill could do two things, and I think the Prime Minister mentioned them this morning; one, it could

become a target and an objective. If I may quote Professor Lower again, he had this to say:

> A bill of rights at least gives us a mark to shoot at. One recognizes, of course, that no document will preserve liberty if the people are indifferent to it. Still, crutches do help a lame man to walk.

I would not like anyone to draw the inference from that statement that we are lame men in this country so far as our recognition of rights and liberty is concerned, but I am sure we all understand what Professor Lower was getting at.

Whether the present bill is in all respects adequate or satisfactory for the purpose we have in mind is something on which no doubt we will be asked to express our opinions at the proper time; but I do agree, without any qualification, that we in this house should all co-operate to make this the best bill possible, one that will be worthy of the objective we all have in mind, one that will be received with acclaim and without controversy.

When we come to the detailed consideration of the measure next session we on this side will have some positive and, I hope, some constructive suggestions which may assist to this end. Suggestions were invited by the Prime Minister this morning. Second, a bill of rights submitted in this way, examined in this way, by the publicity it gets or by the publicity which is created for it, draws attention to the importance of the subject and prepares the way for the thorough and detailed consideration which must follow.

As a prelude to that consideration I have only three suggestions to make, one of which was put forward this morning by the Prime Minister on behalf of the government; first, that there should be the widest possible circulation of the bill to organizations which have shown an interest in this question and to individuals such as deans of law schools with requests for their views and comments; second, that there should be set up next session to consider this bill a joint committee of both houses with broad powers, including the power to summon witnesses; third, and this is something even more important that might be done, that we should try to secure the support and co-operation of the provinces for any Canadian action in this field. Indeed, as a result of consultation with the provinces it might be possible to widen the action so as to include both the federal government and provincial governments in a joint declaration on individual rights and freedoms. Then indeed we would have a powerful symbol.

Mr. Diefenbaker: What are the hon. gentleman's hopes in that direction, on the basis of his own experience?

Mr. Pearson: I would not like to put my hopes either very high or very low, but I have learned over the years not to give up the search for an objective because it does not seem easily attainable, I am sure the Prime Minister has learned that too.

Mr. Diefenbaker: If we attain the same degree of success it will be all right.

Mr. Pearson: So I suggest to the Prime Minister that the bill be submitted to the provinces for their comments, and that before the next session of parliament he should invite the provinces to consider whether their respective legislatures should not join with the federal parliament in a truly national declaration on human rights and fundamental freedoms.

Mr. Diefenbaker: Would the hon. gentleman allow a question? I am interested in the suggestion. If that course were followed and the reaction was unfavourable would the hon. gentleman not then feel that this was the proper course?

Mr. Pearson: It might be, depending entirely on the results of the approaches that were made. I am suggesting now that approaches should be made. I am not suggesting that if those approaches did not result in favourable action, the results should be made public. But surely if we in this country want the kind of assurance with regard to rights and liberties in which the right hon. gentleman is interested and which, in the federal sphere, he has embodied in this bill, or so he feels; if we are going to have that on a national scale to cover all jurisdictions, then at some time or other this approach has to be made. I am putting forward the possibility, at least, of making that approach in connection with all the interest which will now be raised in this matter through the introduction of this bill. Between now and the next session of parliament consideration will be given to it by private organizations and individuals. Perhaps it is not too much to expect that the provinces will also give consideration now to this fundamental question in the light of the move that is being proposed by the federal government.

In conclusion may I just say that on behalf of my party I have been honoured and privileged to speak on this subject today. Liberalism with a small "l", working as it so often has through Liberal governments with a capital "L", stands for individual rights and freedoms. Its very name implies that. It has

always recognized, however, that with every right goes a responsibility and with every freedom an obligation.

For one hundred and fifty years, and in many countries, progress toward national freedom, social justice and political democracy has been associated with the eternal principles of liberalism. Here in Canada our party can take pride in its contribution to the realization of those principles in our national life and our national development. That contribution is on the record.

We have, I admit, been cautious over the years in relying more on concrete acts than on academic declarations. We have also, of course, recognized our own special problem of federalism in Canada in respect of rights and liberties, and we have on occasion had to reconcile the demands of individual liberty and national security in ways which did not please everybody. But on the whole I believe our record in this great work of protecting and advancing the rights and freedoms of our citizens has been good. We desire to keep it so, and that spirit will govern our consideration of this matter.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the C.C.F. party throughout the years has stood for a bill of rights guaranteeing basic human rights and fundamental freedoms. Our record on this question is clear and consistent, and as far as I know without blemish or mistake. Thus we are pleased to associate ourselves with any move that may mean progress toward that very desirable end.

Reference has been made to the many aspects of human rights and fundamental freedoms which are the subject of this bill; the right of the individual to the protection of the law without discrimination by reason of race, national origin, colour, religion or sex; freedom of religion, freedom of speech, freedom of assembly and of association, and freedom of the press. Those are the objectives or part of the objectives, of the measure; and to whatever extent this bill goes in guaranteeing those freedoms we give it our full support.

The march to freedom throughout the world is a difficult one. Along that road are many barriers and many heartbreaks, much tyranny and human suffering, but I believe that Canada together with the civilized—yes, with all the nations of the world—is moving in that direction.

If this bill of rights were as good as human ingenuity could make it; if it were as perfect as possible, the struggle for what it endeavours to guarantee would not be over. It is a continuing struggle, and if one read nothing else to learn of that continuing struggle than the speeches of the present Prime Minister over the years, one would know of that struggle. It is a struggle which is going on in the Canadian House of Commons very day of this session; it is a struggle that comes about because of our division—and this is what we like in our free society—into different parties and into different groups with different responsibilities and different powers. It is the duty of the opposition in a free parliament so to conduct itself as to assure to the greatest degree it can those human rights and fundamental freedoms of which we are now thinking.

There are perhaps two schools of thought on this question. One is that those freedoms can be the better guaranteed if they are written into a bill of rights or into our constitution in concrete terms. Then there is the other school of thought toward which the Leader of the Opposition seemed to lean, that such a bill perhaps is unnecessary, or that our freedoms are best guaranteed by a free parliament and a continuing free parliament, without going to the additional work of providing such guarantees in the constitution itself.

No matter which school one accepts, parliament itself must remain free. Of course the duty of maintaining that freedom rests to a very large degree on the governor in council. As the Prime Minister said this morning I know, because of his long experience in parliament, perhaps even because of his experience in the government, there is the temptation for the executive council to take the quick road and the short cut. Therefore it is the duty of all, including the governor in council, to keep this temptation in the background.

But there is also a duty, I suggest, which falls upon the private members on the government side of the house, and because the government has such a tremendous majority in this parliament that duty becomes all the more important. That duty is not always, without question, to accept the advice of anyone within that party, whether it be a member of the cabinet, the party whip or anyone else; but when occasion arises, when feelings and convictions are strong, party considerations should be left in the background. That applies to all members, I am sure, but I think the responsibility is heavier on the government members because of this particular situation.

This morning the Prime Minister, in painting the background, in reviewing the history of acts of government in the past showing that a bill of rights is necessary, went over a great many of the times the Liberal government had interfered with individual freedom.

He could have included in that survey times when a Conservative government has interfered with individual freedoms.

I want to say, Mr. Speaker, that I find the position I have to fill today a very difficult one, not only because I am speaking after the Prime Minister and the Leader of the Opposition who have had a much greater training and longer experience in this field than I, but also because of the record of the leaders of the C.C.F. party in and out of the House of Commons in the past. It was the first leader of the C.C.F. party, Mr. J. S. Woodsworth, who himself became the victim of a government that interfered with his own fundamental rights as well as that of others. I refer to the experience of the Winnipeg strike in 1919, and the immediate passage at that time of amendments to the Criminal Code and the Immigration Act. The amendment to the Criminal Code, which later became known as section 98, remained until 1936. The amendment to the Immigration Act gave the government the power to deport a foreign-born citizen without recourse to the courts and a fair trial. These were two instances of a government which interfered with human rights and fundamental freedoms.

One could mention the interference by the R.C.M.P. in a peaceful meeting at Regina in 1935, which subsequently became known as the Regina riot. I was quite a young boy at that time. I was a country boy who felt it was a great event to be allowed to come to the city once or twice a year. I saw those unemployed men walking the streets looking for food, looking for jobs, with a sign on their backs, "On To Ottawa". When they gathered on the market square the R.C.M.P. were turned on them and a riot took place.

One could mention, as has already been mentioned, the Alberta press act, which endeavoured with little success, because of a reference to the supreme court, to interfere with the freedom of the press. One could also mention the interference that has taken place in recent years as far as the rights of members of Jehovah's witnesses are concerned. One could also mention the padlock law.

The Leader of the Opposition has said that Canada's record may be good. Undoubtedly it is good. Maybe it is second only to the record of the United Kingdom, but it is a record in which there is a good deal that none of us is proud of today. I know that all of us would seek to remove any discrimination against persons because of race, national origin, colour, religion or sex. I know it has grieved us all recently and at other times to learn of the discrimination that has taken place in the great country to the south, discrimination in regard to the rights of citizens of that country because of their colour.

I was surprised and disturbed to see reports of race riots in the city of London, England. We know that Canada's record is not completely good in this regard, that there has been discrimination in this country because of colour. We saw on television a few nights ago coloured persons who came to Canada from the West Indies, who said they experienced certain discrimination in looking for places to live and in seeking employment in our country. In recent years, as the Prime Minister has said, Japanese Canadians have been deprived of their property, have been dispersed across this country and their rights have been interfered with.

There are many people who could make a contribution in the place I am today much better than I can. One person, the late J. S. Woodsworth, I have already mentioned. Another person is Angus MacInnis, who sat in this house as member for the constituency of Vancouver East from 1930 to 1953, and from 1953 to 1957 as the member for Vancouver-Kingsway.

I do not know of anyone I have met who was more fearless or more consistent in his fight for human rights and fundamental freedoms. His was a voice in parliament against what was being done to the Japanese Canadians in the late years of the war and immediately after, a voice without fear even though many people in the province of British Columbia told him that it was a foolish and ridiculous stand for him to take from the point of view of his own political welfare. But without fear, yes, without concern for himself in a political sense, he fought against that discrimination, and I understand that he was recently honoured by the University of British Columbia conferring on him a doctorate of laws degree arising out of his great service to the Canadian nation, including his service in fighting for the fundamental rights and freedoms of all Canadians no matter the colour of their skin.

The Leader of the Opposition has said very fairly that a resolution was moved in the house in 1945 by the member at that time for the constituency of Winnipeg North, Mr. Alistair Stewart. The Prime Minister is on the records of the House of Commons in earlier years as advocating the same objective, but as far as I have been able to ascertain Mr. Stewart was the first member of parliament to present a resolution to the house on the question. This resolution, as set

forth in *Hansard* for the second session of 1945 at page 900, reads as follows:

That, in the opinion of this house, there should be incorporated in the constitution a bill of rights protecting minority rights, civil and religious liberties, freedom of speech and freedom of assembly; establishing equal treatment before the law of all citizens, irrespective of race, nationality or religious or political beliefs; and providing the necessary democratic powers to eliminate racial discrimination in all its forms.

This motion was dropped on the assurance of the then secretary of state, now the hon. member for Essex East (Mr. Martin), that some of the things Mr. Stewart had presented in his motion would be discussed and dealt with in a citizenship bill that was to follow. Similar motions were moved in the house by Mr. Stewart on many occasions. I think he set forth most vividly in a few words the meaning and purpose of a bill of rights. These words are contained in a speech he delivered in the house on May 16, 1947. As found at page 3161 of *Hansard* he said:

We realize that there are two paths ahead, either one of which we as free agents may choose to follow as we will. One path leads to heights of splendour yet undreamed of; the other to the darkness of hatred and strife. One leads to a realm where the human spirit will rise triumphant over the bigotries and persecutions of our age, where racial discrimination and intolerance of another's religious beliefs will be regarded as crimes against all mankind; where freedom of speech will be the inalienable right of every citizen; where men will no longer exploit their fellowmen for private gain; where every man will be the master of his soul. That is one path we can choose. The other path can lead only to that spiritual desolation to which our enemies would have consigned us.

I trust and believe that parliament and the people of Canada are choosing the first path. There has been a good deal of discussion of this question in the house and in the committee of the Senate, and certain suggestions have been made as to what course might be followed. In addition to the suggestions that have come from the Senate, one province of Canada has a comprehensive bill of rights—I refer to my own province of Saskatchewan—which is enacted to protect certain civil rights and which was assented to on April 1, 1947. The Saskatchewan bill of rights is comprehensive and is supported by all the people of Saskatchewan no matter what their political persuasion. It deals with these fundamental rights; the right to freedom of conscience, the right to free expression, the right to free association, the right to freedom from arbitrary imprisonment, the right to elections, the right to employment, the right to engage in occupations, the right to own and occupy property, the right of access to public places, the right to membership in professional and trade associations, the right to education—a rather complete act, and one which I think has served a very useful purpose.

I have said that the Senate inquired into the possibility and advisability of a bill of rights. In their report in 1950 they had this to say about a basic conception:

As a result of its inquiries, your committee is assured that there are a very large number of persons in Canada who are deeply interested in the subject of human rights and fundamental freedoms and that much thought has been devoted by our citizens to the subject. That every man, woman and child has rights is generally accepted as axiomatic and that such rights should be protected is a conviction as universally held.

Your committee also agrees with this view, holding that every human being irrespective of mere classifications on account of race, creed, sex, caste or colour, and other like distinctions has rights which flow from his divine creation. The brotherhood of man results from the fatherhood of God, and a fundamental equality among men necessarily follows. Such rights are not created by men, be they ever so numerous, for the benefit of other men, nor are they the gift of governments. They are above the power of men to create. They may be violated by men, but not with impunity. They should be recognized and every care should be taken to preserve them inviolate.

Professor Frank Scott, an eminent authority, appeared before the joint committee of the Senate and House of Commons on human rights on April 25, 1950. Professor Scott is head of the law faculty of McGill University. He is a recognized authority on the question, and we in the C.C.F. are proud of the fact that for many years he was national chairman of our movement. He is perfectly bilingual, and I know he has always in mind in all aspects the rights of the people of the province of Quebec as well as the rights of all other Canadians. He had this to say in part in his submission to that committee:

Despite these advantages in a federal bill of rights, I do not personally consider that it would be as valuable a protection for human rights and fundamental freedoms as a bill of rights written into the constitution itself by an amendment to the B.N.A. Act. This is where a bill of rights belongs, in the fundamental law of the land.

The superior advantages of this method of protection seem obvious. There is first of all no problem of dominion-provincial jurisdiction to consider; it is just as easy to enumerate rights under provincial as rights under federal authority, since ultimately the constitution must be amended to give the bill the force of law. All that need be decided is which rights we wish to safeguard. In selecting these, we have the great advantage of the international declaration of human rights to guide us, as well as the very helpful draft which was included in the terms of reference of this committee, and others that are available.

The committee seemed to be impressed with the submission by Professor Scott, in their report they suggest that the course he outlined should be followed. For a number of years in this house Mr. M. J. Coldwell moved a motion asking for a bill of rights in a

certain form. I had the honour of placing this resolution on the order paper during this session as a private member's resolution. It was not possible, nor was it desirable, to have the motion moved in the light of the government's own legislation or proposed legislation in this regard.

This resolution, I believe, will be of interest to members of this house as well as to people who make a great study of this whole question. The resolution in part is as follows:

That in the opinion of this house, consideration should be given to the advisability of taking whatever steps are necessary to amend the British North America Act so as to include therein the following heading and sections:

XII Human Rights

148. Notwithstanding anything in this act, it shall not be lawful for the parliament of Canada or the legislatures of any of the provinces to make laws:

(a) Abridging freedom of speech and expression, or freedom of religion, or of the press or other means of communication or the right of lawful assembly, association or organization.

(b) Depriving any person of life or liberty by arbitrary or abusive measures, or denying to any person the equal protection of the laws.

(c) Requiring or imposing excessive bail or cruel or unusual punishment or exiling Canadian citizens.

(d) Subjecting any person to unreasonable interference with his or her privacy, family home or correspondence.

(e) Subjecting any person to arbitrary arrest or detention or denying to any person the right after arrest to be informed promptly of the charges against such person and to trial within a reasonable time or to be released.

(f) Suspending the right of habeas corpus or depriving any person of a fair trial or the right to be represented by counsel.

We have looked over this bill, and we can say that it is not as comprehensive as we had expected and is not drafted in the form we had desired. The C.C.F. stand over the years has been consistent. It is that the British North America Act itself should be amended. We believe that if that were done it would provide a stronger guarantee, a more certain guarantee, than a bill of rights which becomes part of our statute law.

We also feel that there is a very serious omission in this bill, in that there is no right to employment, there is no guarantee that in employing persons there will not be discrimination.

Mr. Diefenbaker: May I ask the hon. gentleman whether that is not a matter of provincial jurisdiction and legislative power?

Mr. Argue: I do not think that is entirely so.

Mr. Diefenbaker: You have that in the Saskatchewan act to which reference was made.

Mr. Argue: That is right, so the people of Saskatchewan will be fully protected in this regard, the one act being complementary to the other. We feel that it should be in this act as well. It may be that in a federal act it is impossible to apply it in all respects. I am not certain about that, but I would think this principle itself should be in this act for the guidance of the federal government.

There have been events this session that have been disturbing. We think the practice of allowing a member of parliament, by making a recommendation to a minister, to have an employee fired is wrong. It is an abridgment of human rights and fundamental freedoms. I have never used the power that I apparently have to recommend that a certain person be fired, which would mean that this would automatically take place and I have no intention of ever using that power. I think it is a power that is given members of parliament that should not be used, that should be discontinued and should be outlawed. A person who is employed by the federal government should be protected in his employment against any member of parliament who may wish him fired for one reason or another.

We are looking forward, therefore, to improvements in the legislation that has been presented to this house. We hope that in the days ahead, in the next session of parliament, we shall have a discussion that will lead to a stronger, more comprehensive measure, a measure that is more likely to accomplish the objectives that have been set forth. We feel that clause 2 of part I of the bill has not been set out in such a way as to fully guarantee those rights.

As I have said, Mr. Speaker, a great many persons in the C.C.F. movement who have been in this House of Commons in years gone by no doubt could have done better at this time than I have done. However, I think the points I have made are consistent with the position that has been taken by the C.C.F. over the years. We put these forward as proposals that have received very careful and diligent consideration. We do not put them forward at this time as being the final considerations.

We feel that a committee dealing with this whole question should consider every suggestion that has been made in this debate, and after examining all these suggestions, after obtaining evidence from expert witnesses, after hearing from people in Canada who have made a comprehensive study of this question, that committee should bring forth a comprehensive bill of rights that will guarantee these fundamental rights and human freedoms to all Canadians.

It is for that reason, Mr. Speaker, that we support the outline that has been given of the procedure that will be followed in this connection.

Motion agreed to and bill read the first time.

Mr. Speaker: Although it has been agreed that this bill will not be proceeded with at the present session it is necessary, in order to give it a place on the order paper that the house give an order as to its second reading. Normally it would be read at the next sitting of the house, so I shall put that question to wind up this procedure. When shall this bill be read a second time? Next sitting of the house?

Some hon. Members: Agreed.

CUSTOMS ACT

AMENDMENT RESPECTING VALUE FOR DUTY, APPEALS TO EXCHEQUER COURT, ETC.

The house resumed, from Tuesday, September 2, consideration of the motion of Mr. Nowlan for the second reading of Bill No. C-51, to amend the Customs Act.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Frank Howard (Skeena): Mr. Speaker, there are one or two brief comments that I wish to make before the minister participates and concludes the debate on this particular bill. I should like to start my remarks off by making a specific reference to a specific industry, namely the textile industry which over the years has been injured and hurt by the dumping or the importation of goods which that industry can produce here in Canada. We know that the employees in the textile industry and the textile industry itself are quite concerned about and quite interested in the measures outlined in this particular bill. I think it has been fairly well shown by the comments of others—and the proof of this rests in past editions of *Hansard*—that the attitude in this regard of both the Liberal party and the Conservative party appears to be based upon who is in office and who is out of office. When the Tories were out of office we find references in *Hansard* to the fact that this type of legislation or similar legislation in years past was nothing but trampling on the rights of parliament, but when they are in office it is all right to participate further in such things and to extend these things of which they complained. I do not think that on one occasion in the years we have had such legislation and have had such comments about it, has this attitude changed. There has been no other attitude than that which I mentioned earlier, namely one based upon who is in office and who is out of office. The unfortunate thing is that there has been an unwillingness and probably an inability to come to grips with the basic problem that exists with respect to our imports and our exports.

In 1932 and 1933 when the C.C.F. was formed expression was given to this question of the controversy between the free traders and the protectionists. The general thought expressed was that that controversy was fast becoming obsolete. Twenty-five years later we still say that it is obsolete, and even more obsolete than it was when our organization was formed. We made suggestions in 1933. Those suggestions are even more applicable today than they were in those years. We suggested the establishment of import-export boards in order to enable us to make the best possible trading agreements with other countries. Naturally we, as are other countries, are obliged to rely on trade, either importing from or exporting to other countries. By the establishment of such import-export boards, by the study and the planning of requirements, we would be able to stop the exploitation of our primary producers and, in the final analysis, stop the exploitation of the consumers of Canada in this particular case.

While I mentioned textiles specifically at the start, there are other industries which have a like interest in this particular legislation. We submit that the bill itself or the extension of the things contained in the act at the moment which are objectionable will not help a great deal. They merely have the effect of aggravating and prolonging what is an antiquated system of dealing with our trade relationships with other countries in importing and exporting.

Over the years the C.C.F. has freely offered its proposals and its programs to governments in office and governments in the past have freely availed themselves of the things which we have proposed. Of course, in this regard our position is no different now from what it has been on other matters. We offer to the government free of charge this phase of the C.C.F. program. If the government will accept it and put it into effect we are sure that, as has happened with governments in the past that have accepted and put into effect our proposals, we shall be moving along the lines of ensuring to the greatest possible degree the things that we hope to ensure in this bill but which in effect we are not ensuring.

Mr. Diefenbaker: Would the hon. gentleman permit a question?

Mr. Howard: Certainly.

Mr. Diefenbaker: I should like to have his views in respect of two telegrams which have

come to me. One is from George Burt, Canadian director U.A.W. and it reads as follows:

Canadian U.A.W. joins United Textile Workers (CLC) in urging passage of Bill C-51—

That is the bill which is before the house.

—preventing dumping of textiles on Canadian market. Dumping goes far beyond bounds of fair competition and government should protect textile industry and its workers from this practice.

Then there is one from J. Harold Daoust, Canadian director, textile workers of America which reads as follows:

Since 1951 our organization has been fighting for some anti-dumping regulations by the federal government. We feel that Bill C-51 is a step in the right direction. We urge you to do all in your power to see that this bill is passed.

Is the hon. gentleman in agreement with those telegrams?

Mr. Howard: First, Mr. Speaker, may I say that I have not seen the wires.

Some hon. Members: Oh, oh.

Mr. Howard: If the Prime Minister and his lackeys on the other side will just take five minutes to listen I will give them my opinions. You will recall that from the outset I pointed out that the textile industry—

Mr. Speaker: I think that the hon. member is transgressing the proprieties of the house in calling members of the house lackeys of the Prime Minister. I would ask him whether he could modify that statement.

Mr. Howard: I will not make any caustic comments as to whom they are lackeys of, Mr. Speaker, but I will withdraw the comment.

You will recall that from the outset I mentioned the textile industry and pointed out that so far as we are concerned the solution to this problem is the establishment, as I said earlier, of import-export boards in order that we can get the best possible trade relationships with other countries, something which we shall not be able to get so long as this legislation continues to be changed as it has been changed both by the party in office in years past and by the Liberals when they were in office.

Mr. Hazen Argue: Mr. Speaker, just before the minister speaks and closes the debate I would like to make a few comments. We in this group have opposed this bill in this debate because we feel that the principle within the bill, namely that of giving this kind of arbitrary power to the governor in council, is a mistaken one. We feel that this bill in its present form will not assist Canada economically. We feel that it is a throwback to the restrictive practices that have been followed by previous governments and by other Conservative governments. If we felt that this bill would solve the problem of unemployment, we would vote for it. However, we do not believe that this bill will solve the problem of unemployment; and we do not think that with the arbitrary powers it contains and in the light of the past records of Conservative governments, it will be of any material help in that regard. The net effect of the bill, we believe, does not warrant our support of it.

I spoke on the customs tariff bill in this session. At that time I placed on the record the C.C.F. program which we had developed, after very careful consideration, in the interests of depressed industries in this country. At that time I outlined a number of industries facing difficulty, including textiles and certain things which should be done to help them.

We believe that in the field of international trade there needs to be economic planning; we believe that the system of tariffs as such is fallen into disuse as an adequate instrument in our economy to maintain full employment; we believe that planning of our production at home and planning of our imports by contracts between nations concerned with trade, by quotas and even exclusive quotas under certain conditions and for certain periods, are much more scientific and are in the real interests of employees in textiles and other industries and therefore are much more in the interests of the working people of Canada than is the present bill under consideration.

We believe that this bill is not going to solve the problems of any Canadian industry. We do not think it is going to result in the unemployed in the textile industry being sent back to work; we think other much more fundamental measures must be taken.

We oppose dumping of goods into Canada by any country and we think there should be legislation to deal with such dumping. We do suggest however that the kind of legislation set forth in this bill is not likely to be used, certainly not exclusively, in order to deal with dumping but is more likely to be used in a mischievous way to protect Canadian industrialists and manufacturers against any kind of competition on the excuse that the competition which they must meet involves dumping and therefore, on second reading, we in this group must vote against the bill.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I had not intended to speak until the Prime Minister (Mr. Diefenbaker) intervened in this debate to read telegrams from two trade union leaders. However, representing as I do a constituency of primary producers who have to sell everything they produce which is not consumed right at home on the

world market at world prices, I should like to make quite clear my personal attitude which is, I believe, the attitude of the Leader of the Opposition (Mr. Pearson) and this party generally with respect to this measure.

In 1904 Mr. Fielding introduced dumping legislation—the true dumping legislation—which has become the pattern for the whole world. The Liberal party has always stood for genuine anti-dumping legislation and has always supported it. It is our belief that because of that genuine anti-dumping legislation it has been possible when there have been Liberal governments in Canada and, curiously enough, only when there have been Liberal governments in Canada, to have expanding trade and with it expanding employment. On every occasion on which we have had a Tory government in this country since 1904 there has, in one way or another, been an attempt to restrict trade under the guise of anti-dumping legislation but it is not anti-dumping legislation at all, it is legislation, as Mr. Ralston put it in 1930, designed to keep cheap goods out of this country.

Mr. Diefenbaker: Would the hon. gentleman permit a question? Why was it that the government of which he was a member waited until three days after the election, namely on June 13, 1957, to bring in the order in council respecting strawberries?

Mr. Pickersgill: The Prime Minister is tempting me more than I have ever been tempted before to betray the secrets of the cabinet.

Some hon. Members: Oh, oh.

Mr. Pickersgill: But I will leave that—

Mr. Diefenbaker: That is a sham now.

Mr. Fulton: What was the policy? That is all we ask.

An hon. Member: We would not want you to commit yourself like that.

Mr. Pickersgill: No, I know hon. members opposite would not want me to commit myself like that.

Mr. Fulton: What was the policy, that is all we are asking.

Mr. Pickersgill: Perhaps the minister would allow me to finish my sentence and then I will be delighted to deal with his.

Mr. Fulton: I did not know you had started one.

Mr. Pickersgill: The Prime Minister may not have learned, but the Minister of Justice (Mr. Fulton) has certainly already learned that there is such a thing as collective responsibility. I think we made a mistake in doing what we did about strawberries.

Some hon. Members: Oh, oh.

Mr. Pickersgill: In saying that I am speaking only for myself.

Mr. Diefenbaker: Oh, oh.

Mr. Pickersgill: Of course I am speaking only for myself—that is the only proper constitutional position to take. I could go on and say a little more—I do not think that was the only mistake made by the administration of which I was a member.

Some hon. Members: Hear, hear.

Mr. Pickersgill: I would go even further than that—I have never claimed to be infallible and I think I made some mistakes myself when I was a minister.

Some hon. Members: Hear, hear.

Mr. Pickersgill: But because after the election there was one deviation from a policy which had otherwise been pretty consistently pursued over the years—

Mr. Diefenbaker: Is that the only one?

Mr. Pickersgill: —it does not seem to me that the deviation is the important thing.

Mr. Diefenbaker: Was that the only time?

Mr. Pearson: Deviation has become the rule under this government.

Mr. Diefenbaker: Is that the only time?

Mr. Pickersgill: No, it is not the only time that anti-dumping legislation was used. It has been used quite consistently during the years and it is true that because of changed technological conditions the government of which I was a member did, I believe in 1955, bring in an amendment to the Customs Act to provide an addition to the set of rules of the anti-dumping legislation to deal with certain end of the run goods in the textile field and to deal with a technological problem which did not exist in 1904, which perhaps was not a very serious problem even as late as 1935.

What we are protesting in respect of this legislation is not anti-dumping but the arbitrary features of this legislation;—firstly the violation of the right of parliament and not the minister or the government to tax and, secondly, the violation of GATT and of our other international trade obligations and of the desirable policy of expanding trade by reducing trade barriers which over the years has always given us prosperity when followed and when departed from has always at least coincided with the disappearance of prosperity. It is for those reasons that no matter how eminent or how influential the supporters of this legislation outside the house may be, it seems to me that we have

a duty inside this house to exercise our own judgment, uninfluenced by pressures from outside, as to what is best for the country as a whole.

There can be no question that no advantage will accrue to any industry from these changes in legislation unless it has the effect of keeping out goods from other countries. That is its purpose, that is its design. If that were not its design it would not be before us at all. In a country which depends for the income of one-third of its people on selling goods abroad—and I say that, representing as I do a province which depends for, I suppose, about 80 to 90 per cent of its income on selling its products outside of Canada—it is impossible for me to conceive that Canada, at a time when the United States has been giving an example of maintaining the policy of reciprocal trade agreements about which we were very worried, and at any rate holding the line in the right direction, that this country which has so much bigger stakes in foreign trade than has the United States should be moving in the opposite direction.

While it may be true that certain individual interests would for a brief period gain some small temporary advantage from these trade barriers it does seem to me that by the discouragement of trade, direct and indirect, which is bound to result from this legislation it will be bad for this country as a whole and in the long run bad for those also who would get a temporary immediate advantage.

Mr. Speaker: May I repeat for the information of the house that the minister will now close the debate.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am glad to have the opportunity to bring the debate, or at least this stage of the debate, to a conclusion after numerous and sundry delays. I wish there were more time in which to deal with this matter in the way in which I would, perhaps, have dealt with it if the temper of the house was such as to permit it. I should like to deal specifically with some of the arguments which were advanced from the other side of the house, particularly by the Leader of the Opposition (Mr. Pearson) but I do not think hon. members will expect me to go into too great detail or to speak for too long on this occasion.

This is a difficult bill on which to speak on second reading, as the Leader of the Opposition discovered, because it does refer to various clauses to which one has to refer in order to deal with the bill as a whole, and without violating the rule of the house and speaking as if we were in committee, we still have to refer to the clauses as the Leader of the Opposition did. I will follow that precedent because otherwise it is impossible to deal with this subject adequately.

It has been an interesting debate and rather a surprising one. I have heard so many things said about the Customs Act and about customs duties which bear no relation to fact whatsoever that I began to wonder whether we were debating the Customs Act or whether we were debating something in a field entirely foreign to that measure.

The Leader of the Opposition, of course, took a very pessimistic view of this bill. He foresaw the death of responsible government, the transference of power from parliament to the executive and, what is even worse, he saw power being exercised by a bureaucracy. Altogether this bill was going to have fatal consequences. The hon. gentleman also referred to section 38, to which the Prime Minister referred a few moments ago and he suggested that section 38 was, perhaps, wrong; that perhaps the Liberal party had been in error in leaving it on the statute books all these years. However, he told the house even if they did leave it on the statute books they never used it once after they came into power in 1935 until June, 1957. That, Mr. Speaker, raises an interesting question in political morality—whether it was right to have introduced it if the hon. gentleman can boast that he never used it until his party was on the way out. But that is something which the Leader of the Opposition can deal with.

Actually it was a speech full of forebodings. It reminded me of his speech on the C.B.C. prophesying doom and extinction. Now we have talk about the doom of the Canadian export industry and about the doom and extinction of the Canadian parliament as well. It seems as though the hon. gentleman is suffering from a psychosis of some kind. I suppose that if he were to visit a psychiatrist about it his trouble would be diagnosed as acute depression and melancholia following two shocks received one on June 10, 1957 and one on March 31 of this year. I suggest that the hon. gentleman and some of his friends should go to a psychiatrist. We hope this session will conclude in a few hours, perhaps, and I hope that as a result of the rest and leisure which will be available to them in the next few months they may recover some mental equilibrium and come back in January or February with a more optimistic outlook on life.

Mr. Pickersgill: Would you like to see us even more cheerful?

Mr. Nowlan: Yes. I suggest there would be a moral connotation in the statement made

by the Leader of the Opposition with regard to never having used section 38 if it were not for the fact that it is absolutely inaccurate and wrong historically and not in accordance with the facts or the record of the situation. I am advised by my officials that section 38 as it stands in the statute book, and to which the Leader of the Opposition referred the other day as never having been used by the Liberals from 1935 until June 13, 1957, is the same as section 43 before the act was revised in 1952, and I have here in front of me various orders in council which were passed by the Liberal government under section 43 during the years between 1935 and 1953. I am not going to deal with them all. Incidentally I must thank the hon. member for Ottawa West (Mr. McIlraith) for this because he asked during the discussion of the estimates, as hon. members will recall, whether we had a record of these orders in council. I told him we had not, but I became interested in this matter and instituted a search as a result of which we have found some of the documents. There are undoubtedly many others which we have not found.

I have one here which, I think, will be of interest to the house. This order was passed on January 29, 1937, just before the coronation of Their Majesties King George V and Queen Elizabeth, an occasion on which all Canadians desired, of course, to exhibit their patriotism and plan various celebrations in connection with that auspicious event. The Liberal government of that day decided that it was not right that this great flow of international trade about which we have heard so much should be exercised by Canadian boys and girls who wanted to buy Union Jacks and pictures of the King and Queen at the time of the coronation. So they had an order in council passed pursuant to section 43 of the Customs Act with reference to coronation souvenirs and such articles as the pictures of any members of the royal family, the royal cypher, the royal coat of arms, the royal emblem, escutcheon, badge, crest, armourial bearings or insignia, any article or building connected with the coronation or any flag of any country within the British commonwealth, and providing that the value for duty of such articles should be increased by 100 per cent. The reference number of the order under which that was done is 192/157.

Mr. Pearson: Perhaps that was Japanese dumping to take advantage of the coronation.

Mr. Nowlan: I am not questioning the morality of this decision or the correctness of the practice. The Liberal government of that day undoubtedly said that they should give some protection to Canadian manufacturers, though now we are told that protection to Canadian manufacturers is of no value at all.

And then later on, on May 6, 1939, you will remember, sir, that the King and Queen were coming to Canada, and the men and women of this country from the Atlantic to the Pacific wanted to stand in the streets and wave to them, wave flags and greet them in the way all patriotic Canadian subjects would wish to do. But the Liberals passed another order in council under which they similarly kept out, in the same language as that to which I referred a moment ago, any pictures of the King and Queen, any armourial bearings, and anything of that nature including any flag of any country within the British commonwealth. Can you imagine, Mr. Speaker, little Johnny who wants to go to the side of the street and wave a flag with the Union Jack on it, or the Canadian Ensign, whatever it might be, as the King and Queen passed by, having to be told: those wicked Tories, that Tory Jack Pickersgill and that Tory Mackenzie King; all those Tories have made flags so expensive that I cannot buy one for you, you have to stand up at the side of the street and just wave your bare hands.

Mr. Pearson: Japanese Union Jacks.

Mr. Nowlan: I have numerous and divers others here, Mr. Speaker. Here is one dealing with bedspreads, counterpanes, made of artificial silk and cotton. I understand these are not the most expensive counterpanes in the world. Artificial silk and cotton counterpanes, I am told, are fairly cheap ones, the kind that members of parliament and cabinet ministers have to buy because they cannot afford to buy any others. This one is dated January 16, 1939. What it did, Mr. Speaker, was to put a fixed value of 32 cents a pound on that material coming into Canada at that time.

Mr. Fulton: By order in council.

Mr. Nowlan: These are orders in council followed by customs directives. We then come to cheap towels, a combination of terry and cotton, 34 cents a pound if they are 20 inches in width. If they are less than 20 inches they pay more, they pay 39 cents a pound.

There is something here, Mr. Speaker, that even a Tory government would not do. This deals with rayon and cotton ribbons for women's hats, under millinery. I do not think those are imported today. But in those days, and this was in June, 1939, the value of ribbons coming into Canada to decorate women's hats was increased. They put a

value of $1.50 a pound on them, and I suspect there were very few ribbons brought in for those hats.

I want to put the record straight. After the end of 1939 very few of those orders were passed. At that time the war came along and the depressed condition which existed in this country during the so-called Bennett depression continued up until the outbreak of the war in 1939. When the war came along we changed into a war economy and those regulations and orders in council appeared to cease because there were no more of them. There was the strawberry one to which the Leader of the Opposition referred the other day. He said the only one was passed on the 21st day of March, 1949, which was after he and I came to this house, both of us having come in December, 1948. We increased the value of knitted woollen gloves, depending on their size and on the quantity of wool, from $4.22 a dozen to $5.95 a dozen.

Mr. Pearson: Before the minister leaves that, would he permit me to say I did say only after June, 1958, and I was wrong. I had intended to apologize to him when I got up to speak on the first clause of the bill, but I would like to tell him now that before making the statement I did phone an official of the government concerned in the matter and I got the information from him. After I made my statement he phoned and said that he had given me the wrong information.

Mr. Diefenbaker: I thought you had the same information as one well-known newspaper.

Mr. Nowlan: No one would ever suggest that the Leader of the Opposition would misstate anything or mislead the house in any way, shape or form. I was surprised to know that the Leader of the Opposition got this information from an official of the department. I saw it put out in black and white in another journal, the sort of family bible with which the Leader of the Opposition communes, and I assumed he got it from that.

Mr. Pearson: The minister will take my word that I did get in touch with an official of the government who is an expert in tariff matters and I did get the information from him, and later when he realized what I had said perhaps he looked it up again. He learned it was wrong, as I did.

Mr. Diefenbaker: Favourite newspaper.

Mr. Pearson: Favourite newspaper has nothing to do with it.

Mr. Pickersgill: Last week it was the minister's favourite newspaper.

Mr. Nowlan: I saw it spelled out in black and white and I wondered, of course. There were so many errors in those editorials I wondered whether perhaps the Leader of the Opposition had not made a mistake, which he had.

Mr. Fulton: What paper?

Mr. Pickersgill: The paper the minister quoted with approval on broadcasting.

Mr. Nowlan: Not the newspaper I happen to read once in a while.

Mr. Pickersgill: The minister did not quote the Ottawa *Journal*.

Mr. Nowlan: Mr. Speaker, the Leader of the Opposition says that the fundamental principles of valuation have gone in this bill and for those old principles there is to be substituted executive action, bureaucratic administrative control. I want to say as positively as I can, Mr. Speaker, that the Leader of the Opposition is just as wrong in that analysis as he was in the statement with respect to the use of section 38 between 1935 and 1953. No one knows better than the Leader of the Opposition and myself how technical this matter is. You cannot deal with it in the house in such a way, I think, as to make it too obvious or too apparent just what arguments there may be. I am the first to admit that the subject is so technical that I cannot always appreciate it, and I have to be governed by information and advice which I get—and which I get naturally—from officials of whom this house well knows.

But the fundamental principle, as the Leader of the Opposition will admit, has always been the fair market value in the country of origin. This has been the principle under which tariff administration has been carried on in this country with such departures as may have been brought about under Bennett or Mackenzie King, or whoever it may be. This has been the fundamental principle. I think we can agree on that.

How is that fundamental principle established? There are two subprinciples to start with. In the first place, is it like goods; is it goods which are like the goods sold in the country of origin? If so, that value applies to them. That principle is maintained in this bill, Mr. Speaker. That principle is set forth in section 36 of this bill. It is true that there is a slight change in wording; it is true that there have been some administrative practices which have been going on throughout the years which have been codified and put into subsections, of section 36. Generally speaking, section 36 deals entirely and only with values of like goods. I say, Mr. Speaker, there has been no departure from the preceding practice or the existing law whatever in so far as section 36 is concerned.

We come to section 37. What is the situation there? We get similar goods, and that creates a much more difficult problem. Like goods, by custom practice and by custom law, means exactly like goods. There is no deviation whatsoever—there are some very minor ones such as difference in colour, perhaps, in textiles or something of that kind—but we have the words "like goods" accepted. They have to be like goods. The word "like" is spelled with a capital "L" to use a slang expression.

Then we come to similar goods, and the preceding government of which the hon. member was a member at one time shifted from similar goods to equivalent goods. Then, in 1955, they came back to the expression "similar goods". There again you run into great difficulties in interpretation. The words "similar goods" are not spelled with capitals all the way through. It means very similar, and you cannot follow that principle too far. Let me give one simple illustration. Fluid containers may have a different size in the United States from what they have in Canada. You may get a 12 ounce container in one country and a 10 ounce in the other. Are these similar or not? The product is similar; the container is similar whether it carries carrots or lima beans, but the size of the container is different. For customs administration you can say, what are two ounces? The importer may be getting a break, or he may be paying more because he is paying on the value of similar goods in the United States. Can you carry that to 15 ounces; can you carry it to 20 ounces? Of course, you cannot. You can only follow that "similar goods" principle in a very narrow line up or down when it comes to size. I use that simple illustration, but there are scores of others which could be used. Therefore, you cannot carry the "similar goods" practices too far and in the end you are driven to something else. The preceding government was driven to the use of subsection 6 of section 35 of the old act.

That was used by the preceding government and is being used today. When you look at subsection 6 of section 35 what do you find?

> When the value for duty cannot be determined under the preceding subsections for the reason that
> (a) like or similar goods are not sold for use or consumption in the country of export, or
> (b) there is no established market in the country of export for like or similar goods,
> the value for duty of the goods shall be such value as the minister determines.

That is, if you like, administration by bureaucracy but that has been the administration which has gone on and is going on under Nowlan at the moment, which went on under McCann, which went on under Ilsley and which has gone on under every minister of national revenue since there has been a Department of National Revenue. Apparently hon. gentlemen opposite did not realize perhaps any more than I did, certainly any more than I did a few months ago, how the Customs Act has to be administered and the departmental practices which have to be worked out and which have been worked out and that instead of trying to make them more rigid and more embracing in this bill we are trying to codify them in accordance with the law that has been laid down by the courts. We have adopted the formulas and have made them more flexible than the practices are up to this minute because this bill has not yet been passed.

Mr. Crestohl: Will the minister allow a question on this very point? Was not the matter of similar quantities also one of the yardsticks in gauging the fair market value previously?

Mr. Nowlan: That question can be dealt with when we come to the clauses but that is true. You had to determine quantities and qualities and various other matters. As I have said, it was a very difficult thing and is today to apply the similar principle except on a fairly narrow front, shall we say, because they can only be similar when they are not too dissimilar. I also want to say that over 75 per cent of all Canadian imports, so I am told, will come in under the provisions of sections 36 or 37 of the bill, so when we hear of these great departures which are taking place I think they have to be related to the facts of the case and to the practices which have gone on.

The Leader of the Opposition also pointed out the other day how the principle of fair market value could be destroyed. I am not reading from *Hansard* now but I made notes which I think are correct. He said that section 38 of the bill could abrogate sections 36 and 37, the fair market value. Section 38 deals with certain specific goods and descriptions of them for manufacturing purposes and so on. I am told that never at any time under any administration have the goods described in section 38 been valued under the provisions of either section 36 or section 37. They have always been recognized to be a class by themselves and have been dealt with by administrative practices such as you find set forth in section 38.

Mr. Pearson: That is a new section.

Mr. Nowlan: That is the section which is bringing in the practices and I prefer to discuss it in detail when we are on the clauses. It is not exactly a new section because you will find—

Mr. Pearson: Section 38 (a) is not new but section 38 (b) is new.

Mr. Nowlan: It is similar to subsection 7 of section 35. That is one which would apply to it, and there are others. It is a combination of two or three where these practices have been carried out in the past and they have now been brought under section 38 for better administration and in accordance with the decisions which have been handed down, as I said the other day in my opening statement. So much for 36, 37 and 38, which I again say simply codify what has been done in the past. They do not create any additional bureaucratic practices whatsoever but place safeguards and limitations on practices which have been carried on, as I will attempt to show when we get to the committee stage.

We come now to section 39 which is the one new section in the bill, and it is one which undoubtedly involves a change of principle from what has been done during the last few years. We heard a great deal the other day about the Bennett buggy and the shades of Bennett were dragged forth from the tomb. It was suggested that perhaps those of us on this side of the house were a reincarnation of Bennett in attempting to bring this section back into being. We have been told about the evils and the wrongs which are done in trying to impose a valuation including cost plus. What does the section do? All it says is that in computing the value for duty you shall take the cost of production, which is clearly defined in the act as being the actual cost, plus a reasonable mark-up for gross profit, and the formula for arriving at gross profit is set forth in the bill before us. Therefore everything is done according to the code, according to the rules, instead of being done haphazardly as heretofore.

But this was not Bennett. We have heard a great deal about the purity of the Liberal government and with that I will not quarrel at the moment because this reinforces the argument. The same provision as found in section 39 of the bill was in the Customs Act of Canada when Mr. Mackenzie King came into power in 1935 and he kept it there until 1948 when GATT was introduced. This is not Bennett; this is Chevrier. This is not our friend from Bonavista-Twillingate. He was in the closet writing the speeches but he was not actually in the cabinet himself. The Leader of the Opposition was not even in the closet but he was not far removed. They talk about Bennett but the section which was taken out of the act in 1948 was more rigorous, more inflexible and more onerous. The Leader of the Opposition smiles.

[Mr. Nowlan.]

Mr. Pearson: We will come to that when we get into committee.

Mr. Nowlan: I should like to because I will deal with it there. This section is not nearly as stringent as that which was in the act up to 1948.

Mr. Pearson: Could I ask the minister a question? Will he not agree that in this section the British preferential qualification has been taken out?

Mr. Nowlan: That is right.

Mr. Pearson: Does that make it less or more onerous?

Mr. Nowlan: The British preferential qualification is taken out, although there is another section which still maintains it, but the section is more consistent with GATT. They prate and bray so much about GATT. If this act is going to be brought in, if we are evolving a new principle so far as tariffs are concerned, then certainly we cannot show discrimination, and it is drafted in that way.

Mr. Pearson: I do not want to interrupt the minister but will he permit me to ask this question? If he has taken it out in this section because of GATT, why does he leave it in another section?

Mr. Nowlan: I will deal with GATT when we are in committee. All I am saying, and I say it again, is that this section is not as onerous as the section which the magnificent, free trade, fair trade, international trade loving government, with which hon. members opposite were associated, had in the act from 1935 to 1948. All we are doing is restoring the principle which they took out because, rightly or wrongly, they apparently thought it was a violation of GATT. It was not because they were dissatisfied with the section. Not at all. It was not because of any great love for free trade or anything of that kind. It was because they believed, and we now believe they were misinformed, that it might be a violation of GATT.

I am certain that it is not a violation of GATT. I am advised that it is not a violation of GATT and we are restoring it. What is wrong with that? GATT is based on ordinary trading conditions. You will find that referred to all through GATT.

Mr. Speaker: Order. Perhaps the minister is overlooking the fact that we disposed of the amendment dealing with GATT and, strictly speaking, I think it would be contrary to the rules to discuss that now. However, if the house is quite content to hear the minister, very well, although he had the opportunity to speak at that time, I believe.

Mr. Pearson: I hope the minister will be allowed to deal with this point because I think it would be helpful to hear what he has to say from the point of view of our discussions when we get into committee. I would suggest that he be allowed to continue to talk about it.

Mr. Speaker: If the house wishes; I just point out what I consider to be the correct position according to the rules.

Mr. Nowlan: I am not pressing GATT any further at the moment because it is not necessary. I simply say that that is why it was taken out in 1948 and we are putting it back again today. Why are we doing this? We are doing it because we believe in ordinary trading practices, we believe in fair market values. I ask you, Mr. Speaker, how can you have a fair market value which does not represent cost-plus? How many people can carry on business if they are selling goods below the cost of production? I heard my hon. friend over there laugh. I wonder if he thinks business can be carried on in that way? What happens to a firm that does? They go out of business very quickly. They will go into bankruptcy. As a result of the chaotic market conditions in some countries, as a result of the breakdown of the distribution system, the wholesaling system and so on, we have a complete breakdown of the distribution of some goods and in order to dispose of inventories as quickly as possible, some industries will sell goods below the cost of production and a reasonable mark-up for profit. No industry can survive under those conditions, and employers cannot continue to give employment if they are to carry on under those circumstances. It is for that reason—

Mr. Crestohl: Will the minister allow a question? The minister seems to make so much of that cost-plus, and he is quite right, but he has not cleared up as to whether it is cost-plus in the country of manufacture or in Canada. There could be a very serious difference when you think of cost-plus in Japan, for example.

Mr. Nowlan: Oh, I quite realize that, and I think that could be very easily explained when we are in the committee stage. I did not think there was any misunderstanding on that score, but if there is we want to clear it up.

That is what this bill does, Mr. Speaker. The only new thing in the bill—as I said, everything else is simplification and this should be pointed out—is section 39. It should be pointed out also that under the section which was removed in 1948 there was no appeal; there was an arbitrary decision and there was no appeal from it. Today, under this section, there is an appeal, as there is in connection with practically every decision which has to be made here. I think it can be successfully argued that if you accept at all the principle of having fair market value under ordinary trading conditions, then you have to accept the principle that something should be produced on the basis of cost plus a reasonable profit. If you do that, then that is exactly what this government is doing by section 39.

There was one hon. member somewhere, I think it was the leader of the C.C.F. party, who referred to the manufacturers and industrialists who are going to benefit and profit by this measure. I, at least, appreciate the fact that the official opposition did not drag in the knights of St. James street or the barons of Bay street the way they used to do. We were told a few years ago that this legislation was for the benefit of the great Tory financiers who were in control of industry in this country, and who had the Conservative party under their thumbs. The opposition carefully steered away from this because they know it is not at the behest of any Tory manufacturer that this is being done, although many will appropriate it and would like to see it done.

Mr. Pickersgill: The minister had better beware because I have a speech of Ian Mackenzie's here.

Mr. Nowlan: Yes, Ian Mackenzie was a member of the government which invoked this order in council, I must not forget that, and of the party which kept the section in until 1948.

This legislation is not being introduced as a cure-all for unemployment. You cannot correct unemployment merely by putting up the tariff because there are many other factors involved. However, I think it will assist in dealing with unemployment, and it will prevent the spread of unemployment in many industries which today are facing disaster. Its effects will be beneficial on the general economy of this country if it is administered in accordance with the general principles laid down in this bill. Let us please not go back into history. We can both point fingers. I am willing to admit that in the thirties somebody may have said, "We need customs tariff protection", and they said. "How much do you need?" and a sum was just pulled out of the air and put in the Customs Tariff. It has happened under both governments.

These are the people who are asking for this bill today. I do not subscribe to pressure groups, but I can almost scent one here because of the number of telegrams I have

received within the last 48 hours from groups of employees. They come from places like Woodstock, Hamilton and Cornwall. Some messages refer to 400 people out of work, and some refer to 200. None of these telegrams come from capitalists. They are from the secretary or the president of a labour union, largely in the textile industry but in other industries as well. Here is one from Hamilton again and another from Cornwall. Altogether, I just checked it roughly, these are telegrams and messages from organizations representing employees who are on part-time or out of work in a depressed industry, and there are over a dozen of them.

Mr. Pickersgill: Has the minister a telegram from the Newfoundland federation of fishermen?

Mr. Nowlan: I have not, but I am quite sure that if the Newfoundland fishermen are as intelligent as the Nova Scotia fishermen, and I am quite sure they are, they will welcome legislation such as this. The Canadian Labour Congress represents a very wide classification, as my hon. friend knows. The other day great emphasis was placed on the textile industry, but this bill is not designed to cure the ills of the textile industry particularly; it is designed to help industry generally in Canada. Textiles undoubtedly is one industry which is facing unemployment and in which the provisions of this bill could be effective, but it is only one. The Canadian Labour Congress, in a brief submitted to me some short time ago, asked that action such as this be taken.

I am not sure whether the Leader of the Opposition or the member for Bonavista-Twillingate (Mr. Pickersgill) were present, but I recall the hon. member for Essex East (Mr. Martin), who is not here now, meeting a great delegation of unemployed who came here from Windsor and Hamilton. I remember the thousands whom they represented. We heard so much about these people early in the session, and what did they want? They did not look like capitalists. They said, introduce legislation which will give us more employment, bring in legislation in the automobile business, in the farm machinery business, in the electrical appliance business and the textile business—all those were represented—which will give us work.

Here is a telegram from the international association of machinists in Lachine, Quebec, which suggests that a minimum value for duty should be imposed which would give a profit of some kind to the manufacturer which would enable him to maintain employment. Then, the international automobile workers of America international union, Oshawa submitted a brief to me urging that this be done. Then there are representations from the united automobile and aircraft workers of America at Windsor; the united association of journeymen plumbers and pipefitters, who submitted a brief urging that these things be done. These are only a few of the representations which we have received from all across Canada, from labour, from the farmer and all the rest.

I quite appreciate the dangers of raising tariff barriers. I realize the dislocation of international trade. I suggest to you, Mr. Speaker, that under this bill and with this administration, those dangers are reduced to a minimum. In many ways, they will be dealt with far better than they were under the existing act. I am not criticizing anyone in saying that, but the machinery was such that they had to be dealt with more harshly. When this bill becomes law we will be able to assist employment in the various industries in Canada, and will be able to resist the greater spread of unemployment in these industries. I think that this legislation will be a good thing for Canada as a whole.

Mr. Pearson: The minister has been very patient. Before he sits down I wonder whether he will permit one more question?

Mr. Nowlan: If I can answer it.

Mr. Pearson: This bill is primarily, as he has indicated, for the purpose of clarification and simplification of the existing law. How then is it going to have a beneficial effect on unemployment?

Mr. Nowlan: Through section 39. That is the new element in the bill. I may say quite frankly that I never expected to see a bill of greater length than one page when we suggested that it be drawn. But the draftsman, as draftsmen do and quite properly, incorporated many things for legal effect and for clarification. Certainly I was as shocked as were hon. members opposite when I saw that the bill contained ten pages. I had foreseen a bill containing one section and that was all. I had not realized all the clarification and other explanations that would be necessary.

I say again that section 39 is the new element. When I say it is the only new thing, what I mean is this. We are not dealing now with appeal procedure and we are not dealing with the creation of a court to deal with obscene literature or other minor matters; whether minor or not, they are not part of the customs administration as a whole. We are dealing with the Customs Act, sections 36, 37, and 38, and I say that this section 39 is the one which introduces an entirely new principle, the first one since 1948.

The house divided on the motion (Mr. Nowlan) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	LaRue
Allard	Latour
Allmark	Letourneau
Anderson	Lockyer
Balcer	Macdonnell
Barrington	MacEwan
Baskin	MacInnis
Bell (Carleton)	MacLean (Queens)
Belzile	Macquarrie
Bigg	MacRae
Bissonnette	McBain
Bourbonnais	McCleave
Bourdages	McGee
Brooks	McPhillips
Browne (St. John's West)	Maloney
Browne (Vancouver-Kingsway)	Martel
Brunsden	Martini
Campbell (Stormont)	Milligan
Campeau	Monteith (Perth)
Cardiff	Monteith (Verdun)
Chambers	Montgomery
Charlton	Morissette
Chown	Morris
Churchill	Morton
Coates	Muir (Cape Breton North and Victoria)
Cooper	Nasserden
Courtemanche	Nesbitt
Creaghan	Nowlan
Crouse	Nugent
Danforth	Parizeau
Diefenbaker	Pascoe
Dinsdale	Pearkes
Dorion	Rapp
Drouin	Rea
Drysdale	Regnier
English	Ricard
Fairclough, Mrs.	Richard (Kamouraska)
Fane	Simpson
Fleming (Eglinton)	Small
Fleming (Okanagan-Revelstoke)	Smith (Hastings-Frontenac)
Flynn	Smith (Lincoln)
Frechette	Smith (Simcoe North)
Fulton	Speakman
Gillet	Spencer
Grafftey	Stanton
Green	Starr
Grills	Stewart
Gundlock	Tasse
Hales	Thomas
Halpenny	Tremblay
Hamilton (Qu'Appelle)	Valade
Hamilton (York West)	Villeneuve
Hanbidge	Vivian
Harkness	Walker
Hees	Webster
Hodgson	Weichel
Jung	White
Kennedy	Winkler
Kucherepa	Woolliams—119.
Lambert	

NAYS

Messrs:

Argue	Brassard (Lapointe)
Badanai	Caron
Batten	Carter
Bourget	Crestohl
Bourque	Denis
Dumas	Macnaughton
Forgie	McIlraith
Garland	McWilliam
Godin	Martin (Timmins)
Gour	Michaud
Habel	Mitchell
Hardie	Nixon
Howard	Pearson
Leduc	Peters
Lessard	Pickersgill
Loiselle	Tucker—32.

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

On clause 1—*Determination of value for duty.*

The Deputy Chairman: Shall the first part of this clause, dealing with section 35, carry?

Mr. Pearson: I would like to make some observations on clause 1. They cover more than 35 and 36 and I think perhaps it would be preferable if I made all my observations at this time because they will be very brief. They do not come up in consideration of any particular part.

The minister, during second reading of the bill, attempted to make two points which concern this clause. I am not going to deal with some of the other points but naturally they will come up when we get to the special clauses. His first point was that this proposed legislation was not substantially different from the present legislation and that it still retained fair market value as its cardinal consideration. Secondly, he contended that the bill did not contain any new provisions which violated GATT but was in conformity with the spirit and objectives of that very important international agreement which our country has signed, for the preservation of orderly commercial relations with other countries of the world.

These are two points and they cover more than the one section that I want to deal with. I feel that this particular bill does modify our system of valuation and if it is put into effect by the government—and I am sure they are going to put it into effect, otherwise they would not make these changes—then fair market value will become an exception rather than the general rule. I am not going to say any more about that at this time except to mention the three sections which seem to me to support that statement.

When I asked the minister the question: if this bill is merely a clarification and a simplification how would it have the effect on employment that he said he hoped it would have. Especially because of section 39 which he said was new. As we see it clause 40A (7) subclause (c) which replaces section 38 (1) of the present act is also important in regard

to farm market value, as is clause 38 subsections (b), (c) and (d). Those are three clauses of this bill which we condemn—

Mr. Nowlan: I may be stupid, but the hon. gentleman spoke of three clauses. I have only got 40A and 38.

Mr. Pearson: And 39. There is one other matter on which I want to spend a little more time because it may be somewhat difficult to refer to it again. I refer to the relation between this bill and the general agreement on tariffs and trade. The minister said the other day, and repeated it this afternoon that, in accordance, no doubt, with advice he has received, that this bill does not violate any of the provisions of GATT. This is a very important matter because if it does in fact violate that agreement we are ourselves subject to retaliation should this bill become law; also we shall certainly be in a much weaker position when we attempt to invoke the clauses of GATT against other countries with regard to practices which they may see fit to introduce against our exports.

There are two articles of GATT which are especially relevant to the questions raised by this bill. Article 7 describes the general method which should be used in determining the value for duty, and article 19, which is the so-called escape clause, entitles a country to suspend its obligations under the agreement under certain circumstances. As to article 7, I want to put this on the record because we on this side think we should relate some of the clauses in this bill to this particular article of the agreement. Article 7 in subsection 2(a) reads as follows:

> The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

Then, subsection (c) which follows goes on:

> When the actual value is not ascertainable in accordance with subparagraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

That means in simple language that you have to use fair market value if you possibly can, and if you cannot use it you are given other alternatives which can be applied, but only and after an effort has been made to find fair market value. Those are the general principles. It is true that article 6 does contain an anti-dumping provision which states very specifically that safeguards against dumping are allowed under certain conditions, but only in the form of a special duty as described in section 1, not in the form of a special system of valuation. Section 7 of article 6 has this to say:

> No measures other than anti-dumping or countervailing duties shall be applied by any contracting party in respect of any product of the territory of any other contracting party for the purpose of offsetting dumping or subsidization.

Then there is the escape clause which I have mentioned, and I want to put that on the record because we will be referring to it later. It is defined in part in paragraph 1A of article 19 as follows:

> If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions—

I emphasize these words, because they are not the words of the bill—

> —as to cause or threaten serious injury to domestic producers—

The word there is "threaten".

> —in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

That is a clause which has been used by certain governments as an escape from their obligations under GATT when the conditions are applicable and we have taken in Geneva, and I am sure the minister takes the same view now, a very watchful position with regard to the application of this clause. We have done our best to prevent governments, and especially the United States, invoking this clause in a way which would do damage to our exports and to our agricultural exports especially.

A country cannot use this clause unless goods are imported under such conditions as to cause or threaten serious injury to domestic producers and when it does use the clause it exposes itself to retaliation as indicated in subsection 3(a). I do not wish to put this clause on the record now because I do not want to take up much more time, but with these clauses of GATT in mind I want to look at the bill to see to what extent its clauses violate these provisions in the agreement or to what extent they are not in harmony with the objective and spirit of the general agreement.

The minister has said there is no such violation. We on this side contend that there is a violation, and that is a very important difference between us.

Perhaps, Mr. Chairman, I could call it five o'clock.

The Acting Chairman (Mr. Rea): Order. It being five o'clock it is my duty, pursuant to section 53 of standing order 15, to leave

the chair in order to permit the house to proceed with the consideration of private and public bills.

PRIVATE BILLS

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I wonder whether with the unanimous consent of the house order No. 27, which is for third reading of Bill No. S-15, respecting Mid-Continent Pipelines Limited, a bill of which I am the sponsor, might be considered at the present time.

Mr. A. D. McPhillips (Victoria, B.C.): I object.

Mr. Speaker: The hon. member's suggestion can only be followed if there is unanimous consent, and since there is an objection we will have to proceed with order No. 26 first.

An hon. Member: A family quarrel.

Mr. Rynard: Mr. Speaker, this bill will only take a matter of seconds, I am sure. It is not controversial at all and I wonder if I could ask that it be proceeded with. It is not controversial in any way and we will still have time to deal with the other bill.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in view of the fact that this is expected to be the last private members' day and since this bill, which is a very important one, will take only a moment, I would hope that there would be withdrawal of any objection—I am sure there will be—and that there would be unanimous consent to deal with it at this time because otherwise this company will be placed in an impossible position.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, some hon. members have been interested in this bill, as this whole group were, and discussed it on second reading quite extensively and were anxious for it to go to committee. The committee having performed its function, we are in hearty agreement with having this bill moved to the top so that we can deal with it immediately.

Mr. Speaker: Does the house give unanimous consent to item No. 27 on the order paper being taken ahead of item No. 26?

Some hon. Members: Agreed.

MID-CONTINENT PIPELINES LIMITED

The house in committee on Bill No. S-15, respecting Mid-Continent Pipelines Limited—Mr. Rynard—Mr. Rea in the chair.

On clause 1—*Capital.*

Mr. Herridge: Mr. Chairman, I want to speak very briefly on this bill because we gave it very serious consideration prior to second reading and expressed our doubts and fears, and wanted a thorough examination of the company's witnesses by the committee on railways, canals and telegraph lines. That took place yesterday, and because the company's witnesses have satisfied our objections, firstly, by indicating that now the primary purpose of this bill is the transportation of oil; secondly, it will be a common carrier for the transport of oil; thirdly, because there were satisfactory explanations given to the members of the committee who queried the company's witnesses on several other aspects of the bill which concerned us; and, fourthly, because this company intends to act as a common carrier of oil from Saskatchewan to other places, we in this group are willing to support the bill at this time. I might say in conclusion, Mr. Chairman, that I was very pleased to be told that within the reasonable foreseeable future the government of Saskatchewan expects to see an increase in oil production by two or three times, and it is in an effort to work together to that end that we endorse this legislation at this time.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WILLIAM HARRISON TERRY

The house resumed, from Friday, August 29, consideration in committee of Bill No. SD-199, for the relief of William Harrison Terry—Mr. McCleave—Mr. Rea in the chair.

On section 1—*Marriage dissolved.*

Mr. Martin (Timmins): Mr. Chairman, the last time this committee dealt with this bill I just had the opportunity to get to my feet. At that time I was dealing with the very dangerous precedent that was set by the action taken on this particular bill. I reviewed briefly the history of the bill. Most of us are familiar with the fact that it was passed by the committee of the other house. It was turned down by the committee of this house. It was recommitted, reheard and now it is back before us again.

The reason I believe it is setting a rather dangerous precedent, Mr. Chairman, is that if this is carried through to its logical conclusion we would find that a case of this kind could come up, be presented and if it was successful, fine. If it were not successful, then the sponsors could say, "We will produce another witness and have another go

at it, and if that is not sufficient then we will produce another witness and go through it all again". This could go on ad nauseam and make it even a greater farce than it is and have, as one member expressed it, divorce by automation. Therefore, Mr. Chairman, in the future I think we should exercise more care along this line.

Let me deal with the case itself. From the evidence given at various hearings that it has had we are told that there were two reasons why the petitioner in this case first became suspicious of the circumstances. The first was he had noticed that his children were referring to the co-respondent as Uncle Al. The second reason he gave was neglect of the children and the fact that he was not satisfied with the way in which the children were being raised. He said these were the factors which caused him to have certain suspicions and to engage the services of certain private detectives to investigate and compile grounds for divorce.

Now, with regard to the two reasons he gave, it was also established through evidence given that the co-respondent in this case had been a friend of the family for a period of some 15 years, I believe long before the husband and wife separated in the first instance. Furthermore, there was no hint of any kind that the co-respondent in this case had been a factor when the husband and wife separated originally, because at that time although things had come to such a pass that the husband and wife felt compelled to separate and take up separate homes there was no suspicion in any way, shape or form that the co-respondent and the woman were carrying on illicit relations.

In addition to this, the oldest child appeared before the committee. I do not know whether he made the same impression on other members of the committee as he did on me, but he certainly did not appear to me to be a child who had been neglected at any time.

In regard to his training,—and that specifically was one of the matters that the petitioner mentioned—he took exception to the table manners that the youngster was developing. I assume it was not only table manners but manners in general because I think you will find that as a rule with children growing up their table manners are no better or no worse than any of their other manners.

I certainly feel that the boy made a very good impression on the committee and his evidence raised considerable doubt in my mind as to the validity of the reasons given when this investigation was first started. I would also say that it would be quite a normal thing for a child to refer to a friend of the family as uncle Alec when the boy, who is now 19, had known him since he was four years old. I do not think one should take anything improper out of that fact.

According to the evidence, these detectives were engaged on January 11 and over a period of six to seven months they kept a constant watch on the respondent and co-respondent. But I think one of the most significant things about the whole case was that while they claimed to have watched these two people over this long period they apparently had no idea they were being watched and thus would be acting perfectly normally. They would not have their guard up if they were implicated in anything wrong.

In spite of this fact not one bit of evidence was given by any of the five so-called detectives to indicate any sign of affection between these two people during all this long period. Where you have people who are supposed to be indulging in what these people were alleged to have been doing, I ask the committee if it is normal that there should be no sign of affection? They were never known to place their arms around each other, never known to embrace or to kiss each other during that time.

In a case of this kind where you have some witnesses testifying one way and others testifying completely the opposite and are not able to rely on completely contradictory evidence, you then have to look at other factors. I think one very important point in this case is a comparison of the witnesses. We must remember that on the one side there were five full-time or part-time detectives, five people who are commonly refered to as professional witnesses. They were there for one express purpose, to testify to certain things. On the other hand, you have the testimony of people who were not professional witnesses. Furthermore, they are under the added disadvantage that they do not have the benefit of notes as to times, dates and places that are available to the professional witnesses.

I am sure that if any hon. member of this committee was asked where he was on the night of July 9 last year he would be very fortunate indeed if he could remember. It would be something extraordinary if you could remember even where you were at that time, let alone any of the particulars. I am sure that a good lawyer could make you look pretty silly on cross-examination if you tried to remember too many details.

As I say, the five detectives all had notes and referred to them on various occasions. In spite of that, however, there were many instances where they gave contradictory evidence. Some of them have been mentioned

already. First of all, there was contradictory evidence as to footsteps on the stairs. One heard this, another heard that and another heard something else. There was contradictory evidence as to the covering on the stairs. Some thought they were covered with a carpet, some thought they were not, some thought they were covered with linoleum, and apparently they were not too sure what was on the stairs.

This was a very important factor, particularly in relation to the evidence given in respect to the sound of footsteps on the stairs. There would be a considerable difference in the noise caused by the footsteps of people going up or down the stairs depending upon whether they were covered with a carpet or were bare. The same thing was true of the hallway. Some of them thought there was a carpet and others thought not. In fact, I think the chairman of the committee mentioned that the witnesses even disagreed as to the layout of the hallway itself and where the stairs were going down into the basement.

There was contradictory evidence whether the lights were on or off. I suggest to the committee that they should consider which parties should know whether the lights were on or off, these professional people who go there for an express purpose or other people who may be surprised by the entry of a group of men. There was contradictory evidence as to the lights both inside and outside. One witness said that the house was in total darkness and was in a very dark location on the street and that as a result they would have been able to tell if there were any lights on in the house. Another of the professional witnesses stated that there was a street light right in front of the door. Surely these are matters on which there should be no conflict whatsoever.

Another very vital point on which there was conflicting evidence had to do with the doorbell. Some of the witnesses stated that they rang twice, that they rang the doorbell once for a period of about a minute and then rang it for a shorter period. We found that it was not a ring at all because the doorbell was of the chiming type and chimed twice for the front door and once for the back door.

There was conflicting evidence as to the clothes worn by the various parties. There was conflicting evidence as to what happened when this couple was being followed by two detectives. One stated that they used two cars and the other stated that each had his own car. There was also other conflicting evidence. The detectives were supposed to have watched these premises on previous occasions. They claimed that in some cases they had watched the house all night long but we find that on one occasion they were chased away from the area by the police. If they were chased away once, why were they not chased away on other occasions? Under the circumstances it is stretching the credibility of hon. members to ask them to believe in whole or even in part the evidence submitted by these various witnesses.

We had evidence given before the committee to the effect that the back door was not watched on all occasions. One of the witnesses went further and admitted that it was quite possible for a person or persons to go out the back door and cross the backyard to this hotel where the cars were parked without even being seen from the front. It appears that the only time the back door was watched was on the night of August 30, and strangest of all is the fact that as soon as some activity was observed in the house the ones who were delegated to watch the back door immediately left their post and raced around to the front door. It was submitted in evidence also, and I do not think it was refuted in any way, that apparently while they tried to break the front door in the back door was unlocked all the time. This evidence proves that any number of people could have left by the back door while they were trying to break in the front door. All in all, in my opinion, the evidence submitted by these five professional witnesses certainly left a great deal to be desired.

On the other hand, we have the evidence given by the respondent and co-respondent. I think all hon. members can agree that they were either telling the truth or they were the two best liars that have ever appeared before a committee. I do not believe that there is any other conclusion we can draw from the evidence given by these two witnesses. It is possible that they are not telling the truth, but again I say that is stretching the imagination a little bit. They both gave their testimony and stood up to a very rigorous cross-examination. In my opinion, Mr. Chairman, they both acquitted themselves very well. Mention was made of the fact that the co-respondent, on one or two minor matters, was crossed up, particularly in regard to the day in question and the fact of whether he did or did not have lunch. But, Mr. Chairman, I am sure all hon. members realize that that "cross-up", if you want to call it that, occurred at the end of two hours and twenty minutes of cross-examination, without a single break, by a very capable lawyer and by a group of capable lawyers who were members of the committee. Anyone who has had experience with cross-examination knows that if you have a prefabricated story you are going to get crossed up on more than one little point in a period of over two hours.

In a case like this, when you have evidence that is as contradictory as that given, you are faced with a situation where you have to believe one thing or the other. You cannot believe part of one story and part of the other. It comes down to a straight matter of credulity. Who are you going to believe?

I would suggest what happened in this case, if I may, Mr. Chairman. These detectives were hired away back in January. I do not know the cost of the detectives in a case of this kind, but I can assume it is fairly high. I submit that what could have happened, and what possibly did happen, was that the detectives bled the petitioner dry by keeping this case going and going. I believe that finally the petitioner laid down an ultimatum, either you get the goods or you get off the payroll and I will get somebody else. This is the reason we have these doors being smashed down and the attempt to make a case out of the fact that one party was found upstairs and the other party in the basement. I suggest that if detectives, three or five or whatever number was working on this case, cannot come up with a better case than this then they either have not done a very good job or there was not very much upon which to work in the first place.

I submit that the explanation given by the respondent and co-respondent is the logical explanation. These are things that could well have happened. I am sure that over a period of seven or eight months many hon. members were in far more compromising positions than the one in which these two people were found on that day, yet this does not mean they were guilty of anything. Once again I say that the stories given by the two witnesses for the defence are logical. These things could have happened, and I believe they did happen. I say, Mr. Chairman, that this bill should be thrown out.

Mr. McCleave: Earlier this afternoon, I was put on the spot in connection with a bill on which every party in this house agreed. We set it aside at that time. It is a principle of law, in at least eight of the provinces of Canada, that a person can come into court, ask for relief and get justice or get hurled out. At least they know where they stand. It so happens that in two provinces the people are so unfortunate that they have to come to parliament for a divorce and have their affairs dragged through the House of Commons. This should be a forum for the highest form of debate, not the lowest. We have gone into all these matters in the committee, and the committee has made a decision. I think that in fairness to the people concerned we should accept that decision or we should throw out the bill. We should submit the matter to a vote this afternoon.

[Mr. Martin (Timmins).]

Mr. Montgomery: I should like to say a few words on this case. Like the chairman of the committee, I think it is unfortunate that these cases have to come to parliament. Some of them are very close to the borderline, and this is one bill for which I cannot vote. I do not believe there is sufficient evidence to prove adultery. I have had considerable experience in listening to evidence, and when the evidence points as consistently to innocence as it does to guilt in any set of circumstances, then the petitioner would never succeed in a court of law. I know it is true that in parliament we are not bound by the ordinary rules of procedure that govern courts. We are not bound to refuse to grant a divorce if adultery is not proven because we can grant a divorce upon any ground. Personally, I am not satisfied that there was any ground proven upon which a divorce should be granted. I have read the evidence carefully. Many of the other members heard the witnesses the second time, although I did not have that privilege. As a result of shrewd inquiries made, I do not think there is much change. The second evidence was not recorded. In view of that situation, I certainly could not vote to support the case. I certainly shall be obliged to vote against it and I felt that I should put myself on record before doing so.

I do not believe that this parliament should be made a place in which to grant a divorce for something which has not been proved. If there are other grounds upon which this marriage should be dissolved, then the parties should come forward and substantiate the claim on those grounds. But I sincerely believe that there are no grounds of adultery on which to grant this divorce. Nothing was proved. The circumstances in which the detectives found these people point to innocence as well as to guilt, but more towards innocence. These people were good people. Why should we break up two families? That is something that could happen as a result of our granting a divorce. By doing so it would mean that we have refused to believe the evidence of the respondent and the person involved. I think it is only fair to give the benefit of the doubt to those who deserve it. I shall therefore be obliged to vote against this bill.

Mr. McPhillips: As the committee will know, this matter was first resolved by the committee with the dismissal of the petition. There was a recommittal and some further evidence was heard, particularly the evidence of the co-respondent. The hon. member who has just taken his seat undertook to express his views on the matter from his experience. May I say, Mr. Chairman, that I happen to be a lawyer with 31 years of experience. In

my experience I have never before heard such an unmitigated liar as was that co-respondent when he came before the committee. This case has been proved to a point where, I submit, any court of law would decree a divorce. As the hon. member for Halifax stated, it is a travesty of justice if people are to be put in a different position when they come to parliament for divorce from that in which they are placed in the ordinary courts of the land. This thing is proved to the hilt. We have the committee report. Why now in committee of the whole are we going to challenge it? In my opinion, there is no question about it that this divorce has been proved to the hilt.

The Deputy Chairman: Shall clause 1 carry?

Mr. Howard: As was indicated by the hon. member for Victoria-Carleton, no evidence having been taken or no transcription having been made of the comments in the committee, those of us who were not on the committee are obliged to weigh this matter in the balance and be guided by the opinions expressed by hon. members who were on the committee. After listening to what has just been said by all the hon. members who have just spoken, and in view of the indication given by the Prime Minister just a few moments ago during this private members' hour that these may be the last hours of this session, it appears to me that we should consider spending what few remaining moments we have in this private members' hour in considering as much as we possibly can of the business of the public.

What I mean by that is this. If we were to dispose one way or the other of this particular bill that is before us, we would easily be in a position of allowing to stand the public bills that are listed on the order paper in the names of private members so that we could spend the remaining time in this hour in considering the business which was interrupted at five o'clock. By so doing we would be accomplishing two things. We would be giving more time and consideration to the general public's business and we would also be giving an expression of opinion, one way or another, to the petitioners in this case by dealing with this particular divorce. If the discussion on this bill is to proceed up until six o'clock, I do not think there is a doubt in anybody's mind that it will not be revived again this session, and the petitioner will have an answer in that regard. But in order to expedite things and in order to assist in giving the petitioner an answer from this House of Commons and from this committee considering it now, where the discussion can be more informal than it can be in the house, I would move:

That the committee rise, report progress and ask leave to sit again at the next sitting of the house.

Amendment (Mr. Howard) negatived: yeas, 4; nays, 39.

The Deputy Chairman: Shall clause 1 carry?

Mr. Peters: This afternoon some mention has been made of justice being done in this case. On the majority of previous occasions when we were dealing with previous bills and were asked to approve private bills for the relief of so and so, many of those cases were not contested. That would be an indication that at least to the parties concerned it was not a very serious matter whether the charges in the submission were proved or not because they were not interested in contesting the action in any case. That many of them could be contested, I think it is generally agreed. However, some of them are not contested.

This one was contested. It would therefore be an indication that the respondent in this particular case did not think that justice would be served by this case not being opposed. Fundamentally she has come to parliament and asked parliament to hear her side of the story and to give her relief which is exactly the opposite of the relief for which the petitioner is asking in this action.

If justice is to be done it means that there must be no doubt in the minds of members, or no reasonable doubt, that this matter is in order. But it is my contention in this case that there is a very great deal of wrong not only in respect of the submissions made by the many persons who participated in the case but in the circumstances surrounding the allegation of adultery. I believe that justice cannot be done while there is any doubt in anyone's mind that adultery was in fact committed and that it was proved to have been committed by the evidence submitted to the committee. I have looked up the definition of the word "adultery" in Webster's dictionary and it is very definite. It does not mean two people who know each other, or two people who have been exposed to certain circumstances or conditions. Adultery means sexual relationship between two people —a man and a woman—and in this case it does not seem to have been a probability. Therefore I suggest that justice cannot be done by granting a divorce.

We heard a number of witnesses, I believe seven at least, and they were in my opinion a motley crew. My colleague from Timmins has mentioned the length of time the investigators were working on the case, and it

was certainly a lengthy period. The inference can therefore be drawn that the motive for taking such a long time was the monetary return which would accrue to these witnesses and also the fact that they could not find any evidence to establish adultery.

One of the investigators, Peter Rosen, makes his living at this kind of work and he came to the committee with so little use for justice that he told us he directed the operation on this particular night and instructed the people with him to break down the door of the house in question, which was locked. The house belonged to a lady and was a private residence but that night he instructed his colleagues to break the law by breaking down a door. One of the other witnesses said that he was scared of this sort of thing; he knew it was against the law and so he did not push very hard. Mr. Rosen, it appears, was not strong enough to bust down the door and that is the kind of evidence that we are asked to accept. Yet some hon. members will stand up in this chamber and say, "We want to see justice done." This man to whom I have referred has so little regard for the law and for justice that I believe in fact the only thing for which he had any regard was the payment for the type of evidence he procured.

A second man, Irving Gore, age 31, was also from Montreal and was a salesman by profession. This young man appeared to be a little too sharp and I suggest that he had other reasons for attending at this residence on the night in question. He said that he did not do this type of work normally but merely did so at the request of Mr. Rosen. He said he did not get paid for doing it but he was inconsistent in this respect because on other occasions apparently he had been paid for doing similar work. This man did not have too much initiative because he was directed to go to the back door and to watch it, I suppose having some knowledge that the front door was to be entered either by ringing the bell or by breaking down the door. He apparently did not try to turn the door knob on the back door and no one contradicted the witness who said that door was open and had not been locked at all. I therefore say that he went there on this occasion for personal reasons and not only because Mr. Rosen had invited him to do so, and in my opinion he was a very untrustworthy witness.

Then there were George and Don Kennedy. George Kennedy, age 31, was also a salesman, this time for one of our crown corporations. Frankly, I think we should be able to pay these people enough money that they do not have to traipse around doing this type of work, but I do think this fellow gave quite reliable evidence, although the joke was made in committee that you have to be rather cautious about the people with whom you travel on T.C.A. because there may be investigators who have certain information from the other jobs on which they might be engaged. I think he was very indiscreet, to say the least, to participate in this type of work, particularly in respect of a divorce case such as the one with which we are dealing and which has already received so much publicity. However, George Kennedy was a comparatively reliable witness. He was under instructions and he got paid for this work, and therefore he was to report exactly what he had been told to investigate. He kept a record in a book of what he did and his testimony was very straightforward. He told us what was written in the book although I am not too sure that this was exactly what he saw.

Don Kennedy was an insurance investigator and I think most people who know investigators in this business have found that they do not normally work on such matters as this as a sideline. His evidence was very pat and had obviously been prepared as he would prepare a report on an investigation into an insurance adjustment matter or other work in his field. Nothing was left to chance—there was no danger of this witness ever being crossed up in respect of his investigation or evidence because he had been very sure to know exactly what he was talking about. This witness was also paid for the job he was hired to do and his evidence was directed towards one end, which in this case was divorce. The evidence of this man, probably more than anyone else's evidence, should be considered in the light of something we have heard in many contested divorce cases to the effect that one must always take with a grain of salt the evidence of a paid investigator.

On the other hand, there were three witnesses, Mr. Leslie Harvey Saunders, age 30, of Dorval, Quebec, who was an executive and a witness called on behalf of the petitioner—and I must apologize for not remembering that witness or his evidence, so I am not in a position to discuss it—next, Mr. George Rolland Foucher, who was an investigator. In respect of this man I would say that anyone who heard his evidence and only his evidence in committee could give any credence to the story he told, particularly in view of the manner in which he told it. I thought his manner of presentation was poorer than that of any other witness.

An hon. Member: You are not doing too well yourself.

Mr. Peters: The co-respondent in this case was not before the Senate but was before the

committee and the respondent herself appeared before the committee. In my opinion, her evidence substantiated her remarks. She gave straightforward evidence and yet her evidence was not so pat that you would think she had sat down and read it a few moments before but that she was thinking back to the time this allegation took place. I think she gave good evidence. She was never shaken in my opinion in any detail, and the remarks she made were not disputed in the main by any other witness.

The co-respondent, on the other hand, testified at length and caused his lawyer some concern on many occasions because rather than letting the lawyer lead the witness, the witness was sometimes leading the lawyer's questions. This type of witness makes a very bad impression on any group of people who are sitting in as a jury on this type of case. On many occasions he made statements beyond what he was called upon to make. This was continually being brought to his attention by the chairman, and I think the chairman should be given a great deal of credit for the advice which he gave not only to the witness but to counsel, because, with his legal training and in his capacity as chairman he did an exceptional job in seeing that the questioning was kept to the point. On a number of occasions he had to tell this witness that he was not to answer questions before he was asked and that he was not to anticipate questions which might not be put to him at all. But he did make a number of statements and those statements are now evidence and they have not been refuted. We have discussed a number of them and I do not propose to go into detail on them—

An hon. Member: Five minutes.

Mr. Peters: Only four.

An hon. Member: Carried.

Mr. Peters: One particular item of evidence presented by the co-respondent which could have been corroborated by investigation but which could not be because of the constitution of the committee and its functions was the matter of the gasoline receipt. The co-respondent went to great lengths to say that he had had some trouble with the income tax the year before, and during this trouble with the income tax they had laid down the law to him that he must keep receipts for gas, hotel and other expenditures as he went around the country. So he said he kept those gas receipts together with hotel and motel accommodation receipts in a big bag at home, and when he was phoned up by a lawyer he decided he had better bring out some of them for the dates in question—the 10th and the 11th—and for certain other days, and looking in this bag of receipts he found he had a receipt for gasoline for Pembroke on the 10th of the month. He indicated that it was his pattern to go into an area and spend three or four days there before returning to his centre of operations in Montreal, and he gave me the impression that in that bag of receipts there might legitimately have been one for the 11th and the 12th from the Pembroke area. I think that because he made this statement, and because this statement could not be challenged, it was an obligation on the committee, and one the committee must exercise, to have investigated those receipts.

He pointed out something else, that he had in his possession an order from all the companies that he had dealt with. He said he had been informed by other representative district managers in the same company that he belonged to that in this company they kept order forms in loose leaf form from various companies, and he pointed out that he had asked his New York office to send him a copy of those forms for the past year. He indicated that though he would not—

Mr. McIlraith: I wonder if the hon. member would permit a question. My question is this: having made it quite clear, as he has, that he is opposed to this divorce based on his failure to approve the evidence adduced by the petitioner, does he not think that having had most of a two-hour period to make that point it would be a fairer procedure if he would let the question go to a vote rather than talk it out?

Some hon. Members: Hear, hear.

Mr. McCleave: Remember somebody else's human rights.

Mr. Peters: This matter I am raising now has not been raised before the committee, and they have no knowledge of this particular matter.

I was talking about this form that the company had produced, and I think any lawyer would consider that it was fairly acceptable evidence, evidence which the co-respondent himself did not exactly want to produce but which he was willing to produce, and did agree before the committee that he would produce if necessary. I think a lawyer or a judge, if he was presented with this type of evidence would agree that it was not only a record stating that so and so called on such and such for the purpose of taking an order, but that it was returned to a central office where a third party in this matter was to compile this evidence in booklet form, and that this evidence came back in the form of a copy. This evidence

came in from the United States office and would indicate that an outside party had adjudicated the value of the evidence contained in this booklet, and this would have been impartial evidence. I think the committee has the right to have their inspectors examine this type of evidence so that a decision could be made on this particular case, and I am inquiring—

The Deputy Chairman: It being six o'clock it is my duty to leave the chair.

Mr. McCleave: I know how bitterly this has been argued out, and the attitudes and the opinions which have been taken, but there is still a majority and I appeal to the hon. member for Victoria-Carleton and to the hon. members of the C.C.F. group who have spoken not to take the law into their own hands on this. We have had two of these hearings. The evidence was presented, we had two hours of discussion and there was a very able presentation of the case. I appeal to the minority to let the house vote on the motion, at which time the committee can either throw out this request or grant it, but not to take the law into their own hands.

Mr. Peters: I have a few more remarks I would like to make at the next sitting of the committee with regard to this bill. I am not saying I am opposed to it, but I have some more remarks to make.

Mr. McCleave: Kangaroo justice; kangaroo courts.

Progress reported.

Mr. Speaker: The time for consideration of private and public bills having expired, the house will revert to the business on which it was engaged when it was interrupted at five o'clock.

CUSTOMS ACT

AMENDMENTS RESPECTING VALUE FOR DUTY, APPEALS TO EXCHEQUER COURT, ETC.

The house resumed consideration in committee of Bill No. C-51, to amend the Customs Act—Mr. Nowlan—Mr. Rea in the chair.

On clause 1—*Determination of value for duty.*

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: We are discussing clause 1.

[Mr. Peters.]

Mr. Pearson: Mr. Chairman, before five o'clock I was dealing with clause 1 in relation to GATT. I want to attempt to show that there are some provisions in this bill which in our opinion do constitute a violation of this international agreement. In our view, it is quite clear, notwithstanding what the minister has said, that section 38(b), which I think is a new one, does violate GATT directly. Subsection (a), as a matter of fact, I think can also be interpreted as a violation.

Mr. Nowlan: I do not want to interrupt the hon. member. We are dealing with section 38. Is he going back to the beginning, or can he begin at the beginning so that we shall get an orderly procedure? I do not object so long as we know where we are going.

Mr. Pearson: I would be quite willing to wait until we reach the sections, but it would mean that each time we got to a section I would have to talk about the relation to GATT. If the minister is willing—

Mr. Nowlan: Would it be all right if we considered section 38, or whichever one the hon. member prefers?

Mr. Pearson: The three sections which we think are violations of GATT directly are 37, 38 and 39. I was starting with 38 because I thought it was the most important section in regard to its relationship to GATT; that is, section 38(b), because section 38(b) in this bill is not limited to goods imported under such conditions as to cause or threaten injury to domestic producers. There is no qualification of that kind, and therefore this particular provision does not seem to us to be covered by article XIX of GATT. Surely there cannot be a much clearer violation of GATT than section 38(b) which says:

> Where in any case or class of cases (b) the goods imported—

And then there is a whole list of conditions under which the goods would be imported, and it goes on to say that "the value for duty shall be determined in such manner as the minister prescribes." We would be very interested to see how the minister can relate that particular provision to our obligations under GATT.

We have not yet received from the minister in previous discussion of this bill any explanation about it; but whatever may be the intentions of the government in respect of the application of this section, we on this side can hardly accept a section that we think is a violation of GATT and therefore incompatible with Canadian interests. Perhaps the wording of this section does not

correspond with the intention of the government in regard to it. Perhaps we will find that out when we discuss the section.

The second section which we think is a violation of GATT is section 39 which, in our opinion, violates two provisions of GATT, namely article VII because of the use of the concept of cost of production plus a reasonable gross profit determined by the governor in council which, in our view, is equivalent to the fixing of arbitrary values. It also, in our view, violates article VI, paragraph 7 of GATT because a measure other than the anti-dumping duty is provided for the purpose of offsetting dumping in this particular section.

Now, whether section 39 is covered by the escape clause, which is article XIX of GATT, depends on the meaning of three words in the section, namely "material" and "may be". The section reads:

> Where the minister is satisfied that material injury has been or may be caused to any industry in Canada,—

And so on. The GATT language is not injury that may be caused; the words used are "serious injury", and if material injury is not equivalent to serious injury or if "may be caused" is not equivalent to "threaten", which is the GATT language, section 39 is not covered by the escape clause and therefore it is a violation of GATT. If the minister had desired to be absolutely certain in this clause that GATT was not being violated, surely he should have used the language of GATT, he should have used the words "threaten serious injury".

The final section which we think violates GATT is section 37, which is new. When it is interpreted in the light of the very arbitrary and vague definition of cost of production and gross profit contained in section 35 and section 34, it appears to us clear that for all practical purposes the value for duty determined under this provision in section 37 will be arbitrary. Moreover, in section 37 no reference is made to actual or potential injury to domestic producers. Therefore, it follows that section 37 is contrary to article VII of GATT and that it is not even covered by the escape clause. It is a direct violation of an international agreement which we have accepted in the provisions of GATT.

These, Mr. Chairman, are the three clauses which we think do violate our undertakings under GATT. The minister may be able to remove our apprehensions in respect of one or possibly two, but on the wording of section 38(b) it is impossible for us to reconcile this in any way, shape or form with GATT.

These are the general observations that I want to make with one other matter that covers several clauses. Before five o'clock the minister read out a list of orders which were passed by the previous government under, I think, section 38 which before—whatever the date was—was section 43. I told him then that I had made quite a serious mistake in suggesting that only one order was passed by the previous government under that section; but the point I want to make is this.

If this clause, if this section, if this law could be used for the purpose for which it was used and which the minister indicated, to prevent the dumping into Canada of goods from foreign countries, if it could be used so effectively as that when the emergency required it to be used, and I think that was the only time we used it, if it was adequate for this purpose at that time, perhaps the minister will explain when we come to the sections why it is necessary to make all these changes now?

Mr. McIlraith: I want to raise one point as to 35 (1) (b), the definition of the words "cost of production". I admit frankly that I find it difficult to understand this language. "Cost of production" is defined in this way:

> "Cost of production" means an amount that in accordance with good business principles and practices fairly reflects the manufacture or production costs of the goods at the time of shipment to Canada.

What concerns me is this. Cost of production is something that I think I can understand and I can understand departmental officials seeking to ascertain what it is, but instead of this definition helping to clarify the matter it seems to me that it only confuses it and introduces new and, if I may say so, what appear to be irrelevant criteria. You will note that it does not say that cost of production means an amount that in accordance with good business principles and practices means production costs, which would be a useless repetition of language but would at least be understandable, but says that the cost of production merely reflects production costs. If it reflects production costs, from what does it reflect them and what other factors does it reflect as well as production costs?

It seems to me that this is a definition of an important phrase that is only confusing. Indeed, if one were so minded I think one could attempt to ridicule it but that is not my purpose at all. The point I wish to make is that instead of the definition clarifying or being helpful or laying down any criteria that would be useful in the understanding of this phrase it lays down in a way that is not understandable a definition that is utterly meaningless and permits the introduction, I respectfully suggest, of any criteria that any administrative officer

might wish to use. The idea that the cost of production merely reflects production costs is a pretty discouraging definition. I wonder whether the minister could clarify what was intended there and whether he would give some consideration to attempting to clarify the language used?

Mr. Nowlan: Mr. Chairman, on this matter I am advised that the language used here is the language which has been adopted by the courts in defining costs, particularly in connection with income tax cases but also in other matters where business costs have had to be determined. Where there are so many variables entering into the picture, as the hon. gentleman well knows, you cannot exactly tell what the cost may be but it reflects the cost, and at least this language has the approval of the courts. I am advised that it was put in for that reason and if it does not clarify it I can only say that it was hoped that it would. The actual costs that enter into these matters are simply the direct costs of material, labour and factory overhead. But then, of course, you have depreciation and other things entering into the picture and that is why the word "reflects" is used.

Mr. McIlraith: I quite appreciate the minister's answer. I am familiar with some of the court decisions on what cost of production means but I am wondering whether it would not have been better to leave the definition of cost of production to the decisions of the courts. I may say frankly that I have more confidence in the definition as determined by the courts than I have in the definition as set out here in paragraph (b). That is my whole point.

Mr. Pearson: On this question perhaps the minister will explain why it was necessary, notwithstanding what he has said, to depart from the present definition in section 35 (7) of the present law which reads as follows:

> Where the value for duty cannot be determined . . . the value for duty shall be the actual cost of production of like or similar goods at the date of shipment to Canada—

I am a layman but it seems to me that is a more practical and sensible definition than the one in the amendment which refers to good business principles and practices fairly reflecting manufacturing costs. How anyone here can determine, for instance, what is a good business practice or principle on the part of an exporter in Hong Kong is difficult for me to understand. Why did we depart from the rather simple and practical language of the present section 35 (7)?

Mr. Nowlan: As the hon. gentleman has said, perhaps the other definition had the virtue of simplicity. I can assure him that I am very much of a layman myself when it comes to dealing with matters of customs law, but the very fact that it was simple made it impossible to apply. Take the word "actual". How do you get the actual cost when you have a machine producing perhaps four or five different commodities or types of goods and it is impossible to ascribe the proportion of depreciation between them? The department was running into difficulties with respect to establishing the actual cost. It was felt that this was a much more practical approach to the matter and one which achieved the same thing but at least avoided trying to do the impossible, walking into a court and proving the actual cost.

Mr. McIlraith: Does the minister's answer not clearly illustrate that what we should not inject into the bill is this cost of production factor? We should have stayed with the value for duty.

Mr. Nowlan: We did not inject it into the bill. It has been in the legislation for many years.

Mr. Pearson: Yes, it has been in the act for many years but in quite a different form because it was a subsection of section 35 and it was a criterion laid down for establishing duty to be applied only when the other procedures could not be followed, including the fair market value.

Mr. Nowlan: The principle was used. You had to use it sometimes.

Mr. Crestohl: During the discussion of subclause 1 having to do with the question of determining the value of production I think the minister said that it would not infringe any of the terms of GATT. I believe the minister said that he obtained a legal opinion that the bill does not contravene any of the GATT regulations. Could the minister table that legal opinion?

Mr. Nowlan: I did not say I had obtained a legal opinion. I said that in my opinion this was not a violation of GATT, and of course that was based on discussions and all the other matters that go into the drafting of a bill. If my hon. friend misunderstood me I am sorry, but I certainly did not say I had obtained a legal opinion to that effect.

Mr. Crestohl: The minister knows that I respect his own legal views but since this is a matter which might involve international situations and an international treaty or contract, does the minister not think that it would be wise for him to obtain a legal opinion tc bolster his position? I really think the matter is a serious one and a legal opinion in the record certainly would be very helpful to his

position which now leaves considerable doubt whether or not Canada may be violating an international agreement.

I think the minister, for his own comfort and peace of mind, should get a legal opinion to support our position in so far as Canada is concerned.

Mr. Nowlan: I shall deal with GATT when we come to section 37.

The Deputy Chairman: Is there any further discussion on section 35?

Mr. Pearson: Yes, Mr. Chairman. There is section 35 (c) which defines gross profit. It says:

"gross profit" means the fair market value of the goods when sold in the circumstances described in section 36, minus the cost of production.

This seems to us to be a rather arbitrary way of defining profit. Perhaps the minister will explain why this definition is put in this way. There is an additional, and what I consider to be an important, weakness in this definition, quite apart from the consideration which I have just mentioned. The clause reads, and I will repeat it:

"gross profit" means the fair market value of the goods when sold in the circumstances described in section 36, minus the cost of production thereof.

According to this definition it is supposed to apply to all sections of the bill. I take it gross profit can be determined only when it is possible to measure the fair market value of the goods when sold in the circumstances described in section 36. I am going to stick to my notes very carefully here because this is a complicated matter. I may say I found some difficulty in understanding it when it was being explained to me. If that is the definition of gross profit which is going to be used to determine the value for duty under sections 37 and 39 of this act, only where the conditions and circumstances described in section 36 will not be found, the definition of gross profit is limited to the conditions of section 36, but it does not apply to that section since the fair market value will be used there. On the other hand, the definition will apply to sections 37 and 39 where it does not fit.

Now does that not really make nonsense of this definition of gross profit? It seems to me it makes the definition not only useless, but if interpreted in this legal sense it could prevent the application of section 37 and perhaps even section 39 because of its non-applicability to those sections.

The Deputy Chairman: Is there any further discussion on section 35?

Mr. Pearson: Does the minister not think there is something in the point I have raised? Is this not going to lead to difficulty if the bill is passed in this way?

Mr. Nowlan: The Leader of the Opposition said he had difficulty in understanding it when he first read it. I have great difficulty in following it at the moment. Frankly, of course, gross profit applies to sections 37 and 39. I am not exactly certain just what problem the Leader of the Opposition had in mind in raising that question. I have discussed it on various occasions, and I did not find the problem arising which he apparently has in mind.

Mr. Pearson: In a word, I will put it this way, and if the minister thinks there is no difficulty, we will go on.

Mr. Nowlan: There is difficulty right through.

Mr. Pearson: This represents an illogicality which could cause serious difficulty in the application of this measure. Gross profit means the fair market value of the goods when sold under the circumstances described in section 36. Now, those circumstances cannot apply in respect of sections 37 and 39, and therefore how can you possibly apply this definition to those sections and how can those sections be implemented?

Mr. Nowlan: The term "gross profit" is found in sections 37 and 39 and those are the only places where that term is used. You have similar goods in section 37, and in section 39 you have the new clause to which my hon. friend has taken such great objection. The conditions applied, of course, are referred to as the circumstances described in section 36, that is dealing at arm's length and so on, when they can be applied. It certainly does not apply in section 36, and it only applies in sections 37 and 39.

Mr. Pearson: It applies to sections 37 and 39 under the conditions laid down in section 36, and those circumstances are not applicable in sections 37 and 39.

Mr. Nowlan: Some of us are confused between similar goods and like goods. There is a difference between like goods and similar goods, and to that extent there must be a difference. Mention is made of no sales at the time when the goods were shipped to Canada; no purchasers located at the place from which the goods were shipped to Canada, and all the rest of those circumstances described in section 36 which must be found in sections 37 and 39, if possible, in order to determine the gross profit.

Mr. Pearson: I can only hope that the minister and his department do not get into trouble in the application of this section. If

the minister is satisfied that it is workable, then we will wait and see what happens next year. We had an amendment to move to this section, but if the minister is satisfied, we will move on.

Mr. Nowlan: I can assure my hon. friend the minister did not draft it, anyway.

The Deputy Chairman: Is there any discussion on section 36?

Mr. McIlraith: Yes, I find myself in some difficulty with section 36. It seems to me, perhaps, that the section is replacing paragraphs (2) and (3) of the present section 35. My difficulty is simply this: There seem to be three criteria set out here, and one is that under the new provisions, the selling price of like goods in the country of export will serve to determine the value for duty. Then there is a paragraph which says, if the producers in the country of export are located at the same place as the point of shipment of the goods imported into Canada; that is one of the criteria. The second one is if these purchasers are dealing at arm's length with the vendor or exporter, and that principle is fairly clear. The third one is that these producers are at the same or at substantially the same trade level as the Canadian importer.

My difficulty arises particularly with the first of these criteria mentioned. My point is that the whole purport of adding these three additional criteria seems to be to have the effect of restricting the application of the fair market principle. It is that difficulty with which I am concerned. I should like the minister to try to explain what he is seeking to do by this change.

Mr. Nowlan: These criteria to which the hon. member referred, you will find of course qualified to some extent by 2 (a) and (b) in the bill on page 2. I am advised that these criteria have always been applied by the department in interpreting and administering section 35 of the existing act.

Mr. McIlraith: Could the minister tell me whether or not they have the effect of in any way restricting the application of the fair market principle? My whole difficulty arises from the fear that the minister, in this bill, is getting away from the fair market principle and introducing another principle which is objectionable.

Mr. Nowlan: No, there is no thought of restricting that in any way, shape or form, Mr. Chairman. There have been difficulties about certain administrative practices. There have been some questions raised in the courts about certain matters, and this has been done to clarify the procedure which has been carried on throughout the years. Certainly, there is no thought of restricting in any way, shape or form the application of it.

The Deputy Chairman: Is there any more discussion on section 36? Is there any discussion on section 37?

Mr. Pearson: Section 37 replaces subsections 4 and 5 of the present section 35. I feel that the conditions in this new section 37 are much more rigid than are the conditions of the existing law, and that the result of that may well be that similar goods will serve much less often than they do at present as the basis of comparison for determining the value for duty. This afternoon the minister indicated how important that was because like goods these days are not very often like. When similar goods are used as a basis of comparison under this section the fair market value will not apply, I suggest, as it does at the present time and that instead, under this section, use will be made of the cost of production of the imported goods plus the percentage of gross profit made on similar goods.

I have here an illustration which will show how this rule could apply in practice. The minister may be able to remove—and I hope he will be able to do so—our worry on this score. If we assume that the cost of production of goods imported is one dollar and that the cost of production of similar goods is fifty cents and that the amount of gross profit made on the similiar goods in the home market is five or ten per cent, then I take it that under the section that percentage would be applied to the cost of production of the goods imported so that the value for duty of the goods imported would be one dollar plus 10 per cent or $1.10. I can see that in theory a case can be made for the application of that principle and that practice. It may have merit on the theoretical ground. But it seems to me that in practice, if there is a material difference between the cost of production of the goods imported and that of the so-called similar goods, then surely section 37 could not apply because the goods compared would not in fact be similar goods and new section 38 would have to be used. Is that right?

Mr. Nowlan: Yes.

Mr. Pearson: That increases our worry about the use of this section and the introduction of new rigidity into our present evaluation procedure. If this is going to result in a switch from section 37 to section 38, may I say this. Perhaps I will wait until we get to section 38, at which time we shall be able to tell the minister what we think of that particular section. But here again

I suggest that section 37 minimizes the fair market value principle that has been applied in the past and emphasizes—and we think it is an undesirable development—the cost of production principle.

Mr. Nowlan: In the first place, the Leader of the Opposition suggested that there were not so many goods of like kind that were sold today as there were of similar kinds. I am advised that the situation is just the reverse and that there are many more cases of like goods than there are of similar ones. One of the reasons is the rigidity of the practice which has heretofore prevailed and which prevailed up until tonight in dealing with similar goods. As I ventured to say this afternoon, similar goods to be like have to be absolutely like. Similar is defined very closely. As I said this afternoon, you get your package of lima beans, for instance, and you have a 12-ounce package. The Americans use a 10-ounce package. Where they manufacture for us, they ship a 12-ounce package but they do not sell anything but the 10-ounce package in the United States. In that case we can use the similar one, applying in the larger quantity. That is fine. You get the same price for that, the 12-ounce here and the 10-ounce there. But if they reverse their views, then you get perhaps 14 on the similar use, in the illustration I used this afternoon, and you soon get into a situation where your similar goods perhaps will not apply; at least it is not under existing procedure. Whether that practice is justified or not, I do not know; we think it has been.

Under this section, the provisions of section 37, you will find contained approximately the same provisions or the basis of them as set forth in sections 35 (4), 35 (5) and 35 (7). These are the sections which have been used and incorporated in the new section 37 including the practice which has had to be applied in dealing with this section. What happens is this. If you could not use section 37 you were driven to the very harsh subsection in section 35. You have your choice. You take section 34 (4) of the present act or section 35 (5). If you could not apply those, and very often you could not do so, then you were faced with a situation where you had to fix the duty. That we felt was too harsh a rule. This is an ameliorating section. I may assure the hon. member that is the intention of it, to increase the protection, not to make it harsher. It is to ameliorate an existing practice which has grown up. Therefore you have this formula which at least will give some valuation. You may say it is hard to apply; perhaps it will be, but it cannot be any more difficult than is the practice which we go through today and where in the end you are driven to the minister in fixing the value himself.

Mr. Pearson: The minister said that the intention is to ameliorate the harsh practices under the act under section 35 (4) and (5) which deals with similar goods. I would point out to the minister that in this subsection the principle adopted is the fair market value in both cases whereas the principle adopted in this section 37 is the cost of production. Why should not this section read as follows? Would the minister consider the matter and tell me what is wrong with this kind of amendment? Why should not that section read as follows:

> Subject to section 38, where like goods were not sold for home consumption, or were not sold for home consumption in the circumstances described in section 36, but similar goods were so sold, the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the fair market value of such similar goods.

Why do we not use that test?

Mr. Nowlan: As I tried to say a few moments ago, that is the law today. That is the law with respect to similar goods, that it shall be the fair market value. But the department has found in administrative practice that the margin of goods, the quantity of goods, the volume of similar goods to which you can apply that fair market rule is so small that we are forced to go to the other section and so this other definition, this other practice has been brought into being in order to correct the situation.

The Deputy Chairman: Is there any more discussion on section 37?

Some hon. Members: Carried.

The Deputy Chairman: Shall we discuss section 38?

Mr. Nowlan: That is the problem of applying a Buick price to a Chevrolet. You reach that problem in trying to value similar goods. That is what happens.

Mr. Pearson: The minister thinks that the application of the cost of production is going to be easier.

Mr. Nowlan: We think so. We think it is going to be fairer.

The Deputy Chairman: Shall we discuss section 38?

Mr. Pickersgill: On section 38, can the minister explain why the wording has been changed at the end of the new subsection (a). It appears that (a) corresponds to clause 6 of the existing section 35. Clause 6 of section 35 reads as follows:

> (6) When the value for duty cannot be determined . . . the value for duty of the goods shall be such value as the minister determines.

And the end of the new section reads as follows:

—the value for duty shall be determined in such manner as the minister prescribes.

Mr. Nowlan: The reason for that is the very laudable desire of this government to make this act more generous and more workable and to safeguard the taxpayers. Under the existing section there would be no right of appeal but in the new section as it is now there will be a right of appeal and we have drafted it deliberately, so as to provide for that right of appeal.

Mr. Pickersgill: That seems to be quite a laudable thing to have done. Naturally I have no criticism of it. But there does seem to be a more fundamental criticism that I would like to make and in view of the complicated nature of this subject I will try to make it as explicitly as possible and to stick pretty closely to the wording of my notes and not to try any freewheeling.

Mr. Nowlan: I haven't any notes, that is the trouble.

Mr. Pickersgill: I have no one to prompt me as has the minister. It does appear to us that if the application of clauses (b), (c) and (d) were limited to the conditions mentioned in clause (a), then there would be relatively little objection to section 38, since all the special cases mentioned in the subsequent clauses would merely make the general provision in clause (a) more explicit and, as I have said, this would help to clarify the act and possibly to reduce the administrative complexity.

I admit I put this forward with some hesitation because I have never had anything to do with administering the Customs Act which I gather is more complicated, though perhaps it does not get him into any more trouble, than the administering of the Immigration Act.

As these clauses are presently worded, their application does not seem to be limited by the conditions in clause (a) and they therefore seem to us to be unacceptable because of the very wide discretionary powers they give to the minister. As the clauses now read it appears that the value of the goods which are not fully manufactured or which are used or are not of prime quality or which constitute a job will be determined as the minister prescribes, or if the minister is of the opinion that there is an unusual situation he shall determine the value of duty.

As I said before, we do not minimize the complexity of the varied circumstances which can arise under this section and the fact that there are all kinds of special cases which do and inevitably must arise when there is as much trade as there is coming into this country and that in many of these cases the circumstances cannot possibly be covered by any general rules or principles which even the wisest of us could devise. We do feel, however, that the provisions contained in this section are too wide and arbitrary and that they would greatly and unduly restrict the application of the fair market principle.

There does not seem to be any good reason why that principle should not be applied whenever possible to the most important sector of goods which are not fully manufactured or are not of prime quality and as the clauses now read they seem to have the effect of reducing the power to tax which belongs exclusively to parliament, which power we do not wish to see abridged and they do not appear to us to be in conformity with the spirit and objectives of GATT.

We think it might be possible to improve this section somewhat by an amendment and therefore, without further ado, I am going to move a rather lengthy amendment of which I shall send a copy to the minister immediately, to the following effect.

That in section 38 all the words after "cases" in line 26 be deleted and replaced by the following:

"The value for duty cannot be determined under section 36 or 37 for the reason that like or similar goods are not sold in the country of export or are not sold in such country in the circumstances described in those sections, and in particular but without restricting the generality of the foregoing,

(a) where the goods are imported

(i) are intended to be assembled, packaged or further manufactured in Canada or are intended to enter into the course of manufacture in Canada,

(ii) are used or obsolete goods,

(iii) are not prime quality goods as known in the trade, or are known in the trade as remnants, close-outs or discontinued lines or are surplus goods,

(iv) constitute a job lot, or

(v) are intended to be used directly in the process of manufacture or production of goods and like goods are not sold in the country of export,

(b) where like goods are leased but not sold in the country of export, or

(c) the minister is of the opinion that by reason of unusual circumstances the application of sections 36 and 37 is impracticable, the value for duty shall be determined in such manner as the minister prescribes."

I admit this is very complex, but most of it is a repetition of what is already in the clause. There are one or two minor variations but it is all made dependent upon the main provision.

Mr. Pearson: While the minister is studying the improving amendment to this section may I point out, because I made a good deal of this in my previous discussion of the subject, that this section 38 is the part of the bill to which we took greatest exception, particularly section 38 (b), I ask the minister to consider the attitude of this government if the United States government had a section of this kind in its legislation

which read, "Where in any case or class of cases the goods imported" and I go down to (v):

—are intended to be used directly in the process of manufacture or production of goods and like goods are not sold in the country of export.

The minister could determine the duty in such manner as he likes. That would mean that if we were exporters of some semi-manufactured goods to the United States and if the United States had a provision of this kind the customs people in that country could fix any duty they wished on that Canadian import, and they would not have to prove under this section that any damage was done to the United States producers. All they would have to do is to decide that goods were in the process of manufacture and they could apply arbitrary customs duties as they desired. Surely that is directly contrary to GATT.

Mr. Nowlan: I notice that this section 38 is one which has caused some concern to the newspapers and has even caused a good friend of the Leader of the Opposition, Michael Barkway, some concern as evidenced when he spoke a week ago about international trade. These unfortunate suspicions to which I referred this afternoon, which have coloured the imaginations of hon. gentlemen opposite with respect to the bill, are particularly noticeable when we are dealing with section 38, and I think if they would only divest themselves of the suspicions and look upon this bill in the same broad, generous and christian way in which the government has looked upon it they would find that their suspicions were unfounded.

Mr. Pearson: The minister is beginning to talk like Mr. C. D. Howe.

Mr. Pickersgill: He is sitting in the same seat.

Mr. Nowlan: Then I think they would have no such worries, but the hon. member for Bonavista-Twillingate will notice that I have not studied his amendment as yet because I am having it looked over by the officers. It is not, I think, one which the government can accept, however, because it concerns all these classes, it is a catch-all section which deals with various classes and, for instance, subsection (a) has no reference at all to subsection (b) in any way, shape or form. Subsection (a) would cover goods from a country where this is no freedom of economy, for example a country behind the iron curtain, in which case it would be impossible to determine value. Or it could cover a lot of cases where we have such things as architects' plans.

Mr. Pickersgill: Do not speak of the subject.

Mr. Nowlan: Yes, that is an unfortunate example which perhaps I should not have brought up, but there might be a case where plans were prepared in the United States from blueprints and were sent here to a subsidiary company for use, and it would be impossible to find the cost. There might be thousands of hours spent in preparing these plans in the United States and if we were to apply sections 36 and 37, we would then have to apply section 38 of the act. This is the relevant section to enable us to fix a duty in such a case.

As I have said, we would like to be perfectly fair in fixing values and, as the opposition has said, we agree that the most fair way is by taking the fair market value, but there are cases where fair market value would create hardship and where fair market value would even work the other way, where you could get goods coming in from foreign countries, such as countries behind the iron curtain, and where you could not possibly fix a fair market value. In such a case the minister certainly would have a right to fix a value on which the duty is going to be imposed on such goods.

I can give the committee hundreds of examples and with regard to one of them I agree with the Leader of the Opposition that if the United States government—the secretary of the treasury, whoever he is—were to impose excessive duties under this section we might say that under the test of fair market value the value for duty might very easily be too high, and the intention, far removed from the dark clouds of suspicion which so spoiled the dinners of hon. gentlemen opposite, is to use that as a relieving section and to fix duties when circumstances justify at a lower rate.

Mr. Pickersgill: The minister said we were suspicious before, but I can tell him we are twice as suspicious now. What he has been trying to say is that this is a clause to enable him to give secret abatements of duty. He has suggested he could reduce the valuation below fair market value. I am in favour of having duties reduced, but at the same time there should be a standard applicable to all, and a standard that is known.

Mr. Pearson: We think this amendment will bring it into harmony with GATT. We think it is now in violation of GATT.

Mr. Nowlan: The government cannot accept the amendment. We think it will render the section inoperative and destroy the whole purpose of the section.

Amendment (Mr. Pickersgill) negatived: Yeas, 26; nays, 72.

Mr. Crestohl: Before we leave this section I should like to ask the minister to look at subclause (d). The minister is of the opinion that in unusual circumstances the value for duty shall be determined as he prescribes. I think, however, that those who export to Canada from other countries should also know precisely the basis for calculating the duties, and if there are mysteries—and there appear to be mysterious aspects to this—other countries are not given the basis on which they are able to calculate the value for duty which they should have.

I should like to make one other observation to the minister, namely that as we proceed the matter is becoming more complicated and more difficult to understand. The other day I referred to Philadelphia lawyers and I spoke about cruelty to lawyers. I might have added cruelty to ministers and deputy ministers and officials in expecting them to be able to establish value for duty according to the terms of this bill. I would ask the minister to explain to the house what is meant by unusual circumstances. If he could do this, I think it would be helpful.

Mr. Nowlan: I will give the hon. member an example—correspondence courses—the LaSalle course, for example. How much do you charge for books and how much do you allow for tuition? There are hundreds of individual examples which I could give, including obsolete machinery, goods coming from behind the iron curtain and so on. I appreciate what the hon. member says about there being cruelty to the minister, and it would be unless the minister had very capable officials who have the experience and the background necessary to enable them to do this work. This practice has been carried on by the department for several years and in the great majority of cases which come forward under this section which says that where the value for duty cannot be fixed it will be determined by the minister, it means, in effect, that it will be fixed by the officials because, in most cases the minister knows nothing about them.

As to the public knowing, the rules applying to different classes are always available in the departmental offices and any exporter or importer can go to the offices and be satisfied—at least he will be told—as to the basis on which the duty is imposed.

Mr. Crestohl: May I give an example. Let us assume that an exporter in the United States wants to ship something to Canada. He should go to the Canadian authorities in the United States and ask them what will be the value for duty of this article which he wishes to send to Canada. I do not think there is an official in the United States in the Canadian service who would be in a position to tell that exporter what the value for duty will be, or what the basis for calculating will be. That is the example I would like the minister to deal with.

Mr. Nowlan: There are millions of dollars worth of goods coming across every day. I do not think many exporters have much difficulty in determining the basis of duty. There are individual cases, of course, as the hon. member said. In a case such as that, if information is not available, the person—usually it is a person in Canada who is worrying about the duty because he would have to pay it—in the United States could write the office of the Department of National Revenue in Ottawa and the information would be supplied to him forthwith.

Mr. Carter: Mr. Chairman, I am going to move an amendment which I am sure the government will want to accept. As my leader and others of my colleagues have pointed out, this new section 38 is one of the sections which bestows arbitrary powers upon the minister. The government has announced a policy of expansion of trade with Britain and with the commonwealth. In view of that announcement we would hope that there would be no intention whatever to use the powers granted under this clause to restrict goods coming in from Britain and from commonwealth countries. However, in view of the forthcoming trade conference, we feel that we should make our position abundantly clear without any shadow of doubt whatsoever. Therefore, I move:

That the new section 38(b) be amended by adding the words "And not entitled to entry under the British preferential tariff" after the word "imported" in line 32.

Mr. Nowlan: My hon. friend is undoubtedly sincere in trying to help the importation of British goods. I simply point out that the amendment would prejudice the British or anyone else who benefits by the preferential tariff, because we would have to apply the value for duty, and they would be prejudiced rather than helped. If he wants to push the amendment why, of course, we will have to defeat it, because there is no question about it, the amendment is just negativing what the hon. member had in mind. It is also a fact that today we cannot distinguish between one country and another. I hope when he thinks it over he will drop his amendment because otherwise he will defeat his own purpose.

Mr. Carter: Can the minister give us an illustration so that we can understand the point he has just made because it is certainly not clear from anything he has said. He has just made the statement that it was a negative

of what we were trying to accomplish but he did not illustrate it in any way at all.

Mr. Nowlan: Goods could be coming in from Great Britain which would receive preferential treatment or a reduction below the fair market value. If you say this shall not be applied to goods which benefit under the preference then, of course, you could not apply it at all. That is the trouble.

Mr. Pearson: Surely, Mr. Chairman, the minister is assuming that this section is going to be used in a way which would reduce tariffs. It could be applied the other way.

Mr. Nowlan: Not if you say it cannot apply to certain classes of goods.

Mr. Pearson: If it is not applied to certain classes of goods coming from British commonwealth countries under the British preferential treatment, then other sections will have to apply. But for the minister to say we would be defeating our case by moving this amendment because invariably it would be applied in such a way as to reduce the value on British goods, then I say that in the past customs officers have not operated in that way.

The Deputy Chairman: Is the committee ready for the question?

Amendment (Mr. Carter) negatived: yeas, 24; nays, 73.

The Deputy Chairman: Is there any further discussion on section 38?

Mr. Pearson: Section 39 is an important section. It is new and it is contrary to GATT.

The Deputy Chairman: It is rather hard to hear the hon. member speaking because of the noise in the chamber. Will hon. members please keep their voices down?

Mr. Pearson: Hon. members are not going to expedite the business of the committee in this way. There are a good many sections in the bill. We are going to deal with them with the seriousness to which they are entitled.

As I say, this is one of the most important sections in the bill. In our view, it is a violation of GATT because under the GATT escape clause it has to be proven that the country's trade was being affected by imports introduced under such conditions as to cause or threaten serious injury. We cannot understand why the minister did not transfer to this section the language of the GATT agreement. What he has said is:

> Where the minister is satisfied that material injury has been or may be caused to any industry in Canada.

The GATT language is, "to cause or threaten serious injury". That is the first weakness of this provision, and a weakness which will make it very difficult to bring it within the terms of GATT, a weakness which we hope to rectify by an amendment which would replace the words used by the words in GATT. Surely there should not be any difficulty about that. Therefore, Mr. Chairman, I move:

> That, in section 39, the words "material injury has been or may be caused to any industry in Canada, or any portion thereof, by reason of the importation of any new or unused goods or class of such goods" be deleted and the following substituted therefor: "serious injury has been caused to, or threatens, domestic producers by reason of the importation of any new or unused goods or class of such goods not entitled to entry under the British preferential tariff".

Before this amendment is put, Mr. Chairman, perhaps I should add some words about the last part of it which exempts goods entitled to entry under the British preferential tariff. This qualification is embodied in another section of this bill. It is in a parallel section of the present act and the minister said this afternoon that it was taken out of this section so that it would conform to GATT. But it is in another section of the bill. Therefore, it seems to me that with the qualifying words we have used in the amendment, which are the words used in the GATT escape clause, there can be no possibility of this section being charged as a violation of GATT. Therefore we do ask the minister to include this qualification in this particular part of the bill.

Mr. Nowlan: The words "material injury", of course, are the words which are used in the dumping section of GATT and that is why that phrase was used here. The expression "material injury" is the expression used there and for that reason it was adopted by the draftsmen here.

Mr. McIlraith: What is that reference?

Mr. Nowlan: Personally I would have no objection to substituting the words which are suggested by the Leader of the Opposition but I certainly cannot accept the final qualification with respect to the British preference because I think the Leader of the Opposition is overlooking something. It is true that we have got that phraseology in one of the subsections which we have borrowed from the present act. I am told that section was put in there in 1932 at the time of the negotiations during the first imperial conference. It was put in at the request of the United Kingdom and has been kept there ever since. Since it was in before GATT and is part of it it has been accepted, and we feel that the use of that is not in any way creating any further differences or creating a preference between one country and another.

But if you incorporated a new section and used that phrase we believe we would be having direct trouble with GATT and would be open to charges respecting it. Therefore we have not used it. Frankly, we do not think that section 39 is a violation of GATT at all. GATT has sufficient references to fair market value and ordinary course of trade procedures. Paragraph (b) of subsection 1 of section 36 of the bill refers to the ordinary course of trade. A man who is a manufacturer must have a certain amount of profit by way of return in addition to his actual costs. Section 39 requires that the value for duty be not less than that which obtains in the ordinary course of trade. The cost of production has a bearing on the general agreement and in a brief I have here it says that the final act stipulates that such duties shall not be levied unless the effect of the dumping is such as to cause or threaten material injury.

These conditions have been written into section 39 and are to apply before the cost of production basis may be used. Paragraphs 2 (a) and 2 (b) of article VII of GATT require that the actual value in the ordinary course of trade be taken as the criterion of value. Surely the ordinary cost of trade infers that a reasonable amount will be earned over the cost of production. Section 39 of the bill provides for the addition of an amount representing gross profit having regard to the gross profit generally earned in that particular trade or business in the country of export. If you turn to the interpretative notes of the general agreement you will find the following with respect to article VII:

> The wording of subparagraph (a) and (b) permits a contracting party to assess duty uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

Section 39 is intended merely to assess duty on the general price level of like merchandise and nothing more. This is interesting. At the review session of GATT in 1955 customs experts from all over the world, including some of our own, examined the cost of production clauses appearing in the legislation of several members of GATT, and there are cost of production clauses. Whatever they may have said verbally or whatever their thinking may have been, there was no reference in the report whatsoever to the inclusion of these cost of production clauses which have crept in between the former review and the one which took place in 1955.

I think my hon. friends must have rationalized this as consonant with GATT when they passed in 1953 what is in this bill section 40A (7) (a) establishing the fair market value at the end of the season, having in mind the values and so on at that time. The hon. member for Bonavista-Twillingate

[Mr. Nowlan.]

expressed some misgivings or some doubt about it this afternoon, but at any rate the same principle is embodied there. That may be a matter of argument.

Mr. Pickersgill: I would suggest it was.

Mr. Nowlan: I am suggesting that it is. Certainly the government of the day must have rationalized that and said to themselves that it was not a violation of GATT or they would not have brought it before parliament for enactment. I think the same reasoning which would justify that also justifies section 39 in so far as GATT is concerned.

Mr. Pearson: In so far as the first part of the minister's argument was concerned, which dealt with the inclusion of the words "not entitled to entry under the British preferential tariff" he has said that the provision in the existing law was accepted by GATT because it was there at the time the GATT agreement became effective. But I would remind the minister that when we signed GATT we had to make a good many changes in our customs law to conform to GATT, and he will remember the one case he mentioned this afternoon. He said we did not make this change until 1948. We made it in 1948 because although it was in the law before the GATT agreement was concluded it was inconsistent with GATT and we changed it. If this clause is inconsistent with GATT in respect of this bill which is new, then surely it is inconsistent with GATT in respect of a clause which was there when GATT was signed. I am not going to argue that point. The minister has another view on it.

I understood him to say that the amendment would be acceptable to him if the British preferential reference at the end is dropped and the wording of the clause is changed to conform to the exact words of the GATT escape clause, thereby making it more difficult for this clause to be invoked in the future.

Mr. Nowlan: I should like to have a look at it.

Mr. Pearson: It would be the amendment I have submitted but taking out the words at the end "under the British preferential tariff". It would just change the wording to conform with the actual wording of GATT. Perhaps the minister would let it stand.

Mr. Nowlan: Have you got another copy there?

Mr. Pearson: Yes, I can send my copy over to the minister.

The Deputy Chairman: Shall section 40 carry?

Mr. Caron: This is one of the sections, Mr. Chairman, which is objectionable. This section further extends the arbitrary powers given to the minister by this bill. We have already contended that it would be practically impossible to obtain sufficient information to determine cost of production and gross profit, especially as they are defined in this bill. In most cases where these concepts should apply to the determination of value for duty under sections 37 and 39, the minister will be in a position to say that sufficient information has not been furnished or is not available and he will, therefore, be authorized to prescribe the value for duty.

The minister will have that same power and will be able to suspend the application of section 36 if he can claim simply that sufficient information has not been furnished to determine the fair market value. With such wording, the minister is not even obliged to seek the information and when it has been furnished he can still claim that it is not sufficient. Therefore, Mr. Chairman, may I move:

That the words "has not been furnished" be deleted and replaced by the expression "cannot be obtained".

Mr. Nowlan: We cannot accept that amendment. This is designed to cover a situation, for instance, such as I described in connection with the iron curtain countries. You perhaps cannot get information there at all. There are some cases, not many, where you just cannot get the information. The man refuses to give it. This would not be a question of not obtaining it, it would be a matter of it being refused. The department today is driven sometimes to fairly desperate straits because of the failure to get information on which you can determine the fair market value. This is, shall we say, a somewhat persuasive section. It works both ways.

In so far as the iron curtain countries and other places are concerned, it will be used to get information. If we cannot get it, then we will have to impose values as we see fit. But armed with this section you can go to a manufacturer or a producer and say, we want the information. Without this he can, and very often has in the past, say I will not give it to you; what are you going to do about it? We cannot, therefore, accept the amendment.

Mr. Crestohl: Can the minister tell us in what way section 40 differs from subsection (d) of section 38?

Mr. Nowlan: Is this section 38, or is this the old act?

Mr. Crestohl: Section 38 of this bill, at the top of the page.

Mr. Nowlan: I am sorry, but I do not follow the hon. member.

Mr. Crestohl: How does section 40 differ from subsection (d) of section 38? In both cases the minister has authority to determine where the information is not available?

Mr. Nowlan: I did not follow the hon. member, but I see now the subsection to which he is referring is on page 2 of the bill. As I said, section 40 is to get information where the information is either impossible to get or is refused. The other section to which the hon. member is referring is to give relief from the imposition of a duty which otherwise would be based on value, and the example I gave of the architect's plans and other things would come under that.

Mr. McIlraith: Before we leave section 40, do I understand the minister correctly that the proposed amendment would take away from him an obligation that he now proposes to place on the importer; that is, that the use of the expression "cannot be obtained" would take away from the department the right to force on the importer the obligation to furnish the information? Was that his point? He wants to be in a position to force the importer to provide the information?

Mr. Nowlan: Yes, where it is refused, and that is the reason why I think the amendment would negative that.

Mr. Caron: I was of the opinion that the words "cannot be obtained" counteracted the example the minister gave us a while ago. However, I do not press the amendment, and if it is the wish of the committee I am willing to withdraw the amendment.

The Deputy Chairman: Has the hon. member permission to withdraw the amendment?

Some hon. Members: Agreed.

Amendment (Mr. Caron) withdrawn.

The Deputy Chairman: Is there any discussion on 40A?

Mr. Pearson: This subsection, Mr. Chairman, corresponds to the present section 35, subsection 8, except that in our opinion it introduces a change which we think is likely to lead to further administrative difficulties. The minister, in discussing the previous sections, does not feel that way about it, so we will just make our position known and let it go.

The Deputy Chairman: Is there any discussion on 40B? We will go back to section 39.

Mr. Nowlan: Perhaps we could allow clause 1 to stand, because that contains section 39.

The Deputy Chairman: Shall clause 1 stand by unanimous consent of the committee?

Some hon. Members: Agreed.

On clause 2—*Appeals to Exchequer Court on questions of law.*

Mr. McIlraith: I have a couple of questions I want to ask on this clause. The extension of time, of course, for appeal from 30 days to 60 is quite good. What concerns me is this: If the minister will look at the proposed section 45 (c), he will find it reads as follows:

> Any person who entered an appearance in accordance with subsection (2) of section 44, if he has a substantial interest in the appeal and has obtained leave from the court or a judge thereof,

The point about which I want to ask the minister for an explanation is this: The minister requires the person seeking an appeal to obtain leave from the court or a judge thereof, and that is the practice now as I understand it. But he has also added the words, "if he has a substantial interest in the appeal". As I read this subsection it places on the person appealing an obligation not only of obtaining his order for leave to appeal but also, when he comes into court on the hearing of the appeal, to prove his substantial interest. It seems to me that that is at best confusing, and possibly going farther than the minister intended. I wonder if he would just explain that phrase?

Mr. Nowlan: I think the hon. member has misconceived the intent. The proving of the interest has to be done, or the intention of the subsection anyway is that, when he applies for leave to appeal. He would not have to prove his interest again after he went to court. The hon. member will realize that this is an improvement over the practice heretofore applicable.

Mr. McIlraith: The minister has stated what I thought was his intention quite clearly. I am not sure the subsection provides that that would be one of the criteria applied on any application for leave to appeal, and in the light of that I am a little curious why these words were put in. I quite agree that no judge or court would grant the leave if there were no substantial interest shown in an appeal, and I am just curious about it. I do not propose pressing it by an amendment, but I wonder if the minister would have a further look at it.

Mr. Nowlan: I am told by a gentleman who has had very substantial experience before the appeal board in the last few years that there have been many people applying for leave to appeal, and who have appealed, who had very little interest in the appeal. As the hon. member knows, there are various inducements that perhaps sometimes enter into these matters. It was felt that the parties themselves, the minister, the deputy minister and the other person should appeal automatically without leave. Where anyone else applied for leave, he had to satisfy the judge that he had a substantial interest. If that was the intention of the draftsman whom I presume will represent the department in appeals, I am quite certain that question will never be raised.

Mr. McIlraith: I am quite happy to leave this thing to the courts or to the judge. I think that is the proper practice but it seems to me that the wording here restricts the number of persons who can apply to a judge and restricts them improperly. I am concerned with that point.

Mr. Nowlan: It is to cut out frivolous appeals, or frivolous in effect.

Mr. McIlraith: Oh, the costs will cut those off. It seems to me the matter should be left to the determination of the judge of the court. That is the point. Notwithstanding the assurance he has given, I wish the minister would take another look at the language used in that subsection perhaps before it is dealt with in another place.

The Deputy Chairman: Is there any more discussion on section 45?

Mr. McIlraith: Just before clause 2 carries, may I say that my remarks—and I will not repeat them—are of course applicable where similar language is used in the other subsections.

Clause agreed to.

Clauses 3 and 5 agreed to.

The Deputy Chairman: Shall we go back to clause 1?

Mr. McIlraith: Before we do that, may I make a request?

Mr. Pearson: We have been rushing too fast.

Mr. McIlraith: Will you hold section 47?

Mr. Nowlan: Surely.

Mr. McIlraith: Perhaps we could go back to the other one, section 47.

The Deputy Chairman: That is clause 4?

Mr. McIlraith: Yes. Could we leave that for a moment and come back to it?

Clause 4 stands.

On clause 1—*Determination of value for duty.*

The Deputy Chairman: Going back to clause 1, we are considering an amendment to clause 1.

Mr. Nowlan: I am told that we cannot take that amendment with that wording as it is,

because it would get us into difficulty into some other part of the act. We cannot accept the words "domestic producers". That is too narrow an interpretation, too narrow a phrase and it could easily get us into serious trouble. I am quite satisfied of the fact that we are not violating GATT by using those words. If we are doing so, then the hon. gentleman has certainly made his point in connection with it. Certainly I am not trying to be punctilious about the wording. I should like to have achieved wording that would be satisfactory to the Leader of the Opposition as he well knows. But in view of the technical difficulties involved, I am obliged to say that we could not accept that amendment.

Mr. Pearson: Perhaps it would save time if we go to the amendment I originally submitted and have it disposed of.

Mr. Nowlan: Very well.

Amendment (Mr. Pearson) negatived: yeas, 23; nays, 74.

The Deputy Chairman: I declare the amendment lost. Shall clause 1 carry?

Clause agreed to.

The Deputy Chairman: I believe the hon. member for Ottawa West had a question with regard to clause 4.

On clause 4—*Invoice to show fair market value.*

Mr. McIlraith: There is one point that I should like to bring to the attention of the minister, namely part of the new proposed section 47, subsection (1). The particular phrase with which I am concerned is "determined in accordance with sections 36 to 40B", where they appear as proposed new sections. The point is this. The section proposes that the fair market value of the goods to which it relates shall be determined in accordance with those sections indicated. As I read the bill, all these sections except section 36 do not recognize fair market value as the basis. They provide for either ministerial discretion or cost of production plus profit. One of them—that is section 40—deals with conditions when the fair market value is not available. It therefore seems to me that fair market value cannot, as this section provides, be determined in accordance with sections 37, 38, 39, 40, 40A and 40B for the very simple reason that these sections authorize exceptions to the fair market value principle and have in fact nothing to do with the fair market value. If I am right, this section 47 will apply only to the conditions described in section 36 and not to the others. I wonder whether the minister would mind explaining at this point how he intends to overcome this difficulty.

Mr. Nowlan: I am told that is language which was borrowed from the existing legislation.

Mr. McIlraith: The terminology "sections 36 to 40B" is new and different.

Mr. Nowlan: That is true.

Mr. McIlraith: That is the point.

Mr. Nowlan: There was fair market value in this previously. You had ministerial discretion and you had various matters, as the hon. member will recall. As I said, that language has been borrowed and was used in the thing heretofore. It might be that value for duty would have been happier language. Some consideration perhaps should have been given to that instead of fair market value. At least that is the language which has been used.

Mr. McIlraith: The very point is that most of the language is borrowed but that the wording "section 38 to 40(b)" is not borrowed. That wording is new and sections 36 to 40(b) do not relate, as I understand it, to the terminology "fair market value". I just do not know how the minister is going to get over that difficulty in this section.

Bill reported.

Mr. Nowlan moved the third reading of the bill.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, before this bill is put to the house I would just like to say a word. We do not propose to divide the house on third reading, but I want to make clear once again our position in this matter. We have carried a lot of provisions, a lot of sections and subsections tonight, and perhaps we may have lost sight of the over-all objective of this bill in the haste in which we have operated. The doubts and fears we had about this bill and its effects on our customs practice and legislation and thereby on our trade have not been removed.

Mr. Nowlan: They must have been largely dissipated, though.

Mr. Pearson: If anyone could dissipate them, then it would be the minister, because he is a very plausible person and a very good debater. He disarms the opposition in an engaging way, but in this case his efforts have not succeeded in so far as I am concerned, and our objections to this bill remain. The minister has said this bill is primarily one of simplification and clarification, but I think we have shown without any doubt that it is more than that. I feel certain we have shown there are some very important new provisions in this bill.

Mr. Nowlan: Section 39.

Mr. Pearson: Section 39 and some others. If it is going to have the effect which the minister hoped it would have it is much more than a bill of simplification and clarification.

Before six o'clock the minister pointed out that we had used the provisions in the old section 38 in such emergency cases as the importation of flags and patriotic souvenirs at one time or another under the Liberal administration, and it is quite true, as I said in my opening statement, that in past years under our administration there have been circumstances when we thought it was appropriate to take care of cases by means of this section. I would have thought that in case of necessity for an emergency measure, assuming that these provisions were used in those days for such a purpose they should be quite adequate for the government today, and it has not been shown to us why it has been necessary to make all these changes.

Some of the simplifications and clarifications have perhaps improved the customs and anti-dumping legislation to a certain extent, and the minister has said that some of these provisions will be used to lower the value, and thereby ease the import of goods into Canada. It has not been our experience, however, in years past that legislation of this kind has very often been used for that purpose, and therefore we remain opposed to this bill in the sense that it does give increased power over the most important matter of the imposition of value which affects duty and thereby affects taxation.

We feel that the trend is in the direction of the restriction of trade rather than the expansion of trade; we feel this bill, if passed, will have the opposite effect to the trend in the United States, when congress down there is in fact taking action during this session which will help to expand rather than restrict trade. We think that at this time, on the eve of the commonwealth economic conference there should be no move of this kind which could be interpreted as restrictive, and for those reasons we remain opposed to the bill.

We will see how it works out in practice but the minister seems to me, on occasion, to adopt an attitude which I confess I have experienced before now on the other side of this house. Perhaps I might put it this way without offence to him. For the details of customs legislation let fools contest, what's best administered is best.

I am sure the department over which the minister presides will administer this legislation to the best of its ability, honestly and sincerely, but we do think the principles behind the legislation are wrong, and we therefore remain opposed to it.

The Acting Speaker (Mr. Rea): Is it the pleasure of the house to adopt the motion?

Some hon. Members: On division.

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

CANADIAN CITIZENSHIP ACT

AMENDMENTS RESPECTING DISCRIMINATION, REVOCATION OF CITIZENSHIP, ETC.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved the second reading of Bill No. C-58, to amend the Canadian Citizenship Act.

She said: Mr. Speaker, in speaking on second reading of this bill I have a few general remarks to make. I think the bill with the explanatory notes pretty well stands on its own feet, but I have noticed certain remarks have been made about it and certain expressions of reservations have been voiced by members and others.

Subsection (1) of section 19 of the present act gives the governor in council power to revoke the citizenship of naturalized Canadians for the various reasons enumerated in that subsection. Briefly the grounds are that the person has: 1, assisted an enemy of Canada in time of war; 2, obtained his citizenship by false representation or fraud; 3, has resided outside of Canada for six years and has not maintained substantial connection with Canada; 4, has resided outside of Canada for two years in a country of which he was a citizen before he became a Canadian citizen and has not maintained substantial connection with Canada; 5, while out of Canada has shown disaffection or disloyalty to Her Majesty; or 6, has been convicted by a Canadian court of an offence involving disaffection or disloyalty to Her Majesty.

A natural-born Canadian citizen cannot lose his Canadian citizenship for any of these reasons and many naturalized Canadians and natural born Canadians as well feel very strongly that these provisions discriminate against the naturalized Canadian citizen and consequently the citizenship of a naturalized Canadian is sometimes referred to as being second class citizenship.

The amendment will repeal the existing subsection (1) of section 19 altogether, but it must be noted that under the amendment the naturalized Canadian citizen can still have his Canadian citizenship revoked by the governor in council if he is charged with a treasonable offence and, being abroad, fails to return to Canada and stand trial for that

offence. If such person does return to Canada and is convicted, he will suffer the punishment prescribed under the Criminal Code or the Official Secrets Act for the offence but he will not be subject to loss of citizenship.

An alien seeking Canadian citizenship must satisfy a court that he has the necessary qualifications required by the law for Canadian citizenship, which include such things as good character, an adequate knowledge of English or French, an adequate knowledge of the responsibility and privileges of Canadian citizenship. These qualifications are set out in section 10 of the act and it will be noted that the bill proposes amending paragraphs (f) of subsection (1) of section 10 to require the applicant to satisfy a court that he intends to comply with the oath of allegiance set forth in the second schedule.

Representations have been made to me since the first reading of this bill to the effect that the new proposed paragraph (c) of clause 19(1) might be misinterpreted. Provision, of course, is made for enquiry into any case under section 19(4) of the act. However, after serious consideration, I feel it is only proper to remove any doubt as to the intention of this bill, and therefore when we come to the appropriate section I shall ask one of my colleagues to move that this paragraph be deleted from the bill.

Under the existing act difficult questions of law and fact sometimes arise in relation to the question of whether a naturalized or natural born Canadian citizen has ceased to be a Canadian citizen. The bill provides machinery whereby these difficult cases can be referred to a court or a commission for study and a ruling. The act provides that any commission established under subsection (4) of section 19 must be presided over by a person who holds or has held high judicial office. So, therefore, whether the question is referred to a court or a commission the issue will be dealt with by a competent tribunal. This guarantees the naturalized Canadian a greater security in his new citizenship, and will encourage him in a fuller and more useful participation in Canadian life.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I must say that the hon. lady by her explanation has somewhat disarmed me and to a considerable extent shortened any observation I might otherwise have made, because I was very interested to observe that after the Leader of the Opposition (Mr. Pearson) made an oblique reference to this legislation in the debate on another bill there was a good deal of fluttering on the benches opposite—

Mr. Green: Smiling.

Mr. Pickersgill: And I imagine it occurred to the minister that to introduce a bill of rights and a bill providing for thought police on the same day was not consistent, and I am very glad the hon. lady has had second thoughts about her thought police. It does seem to me that what is left of the bill is so little—that we are only going to have two classes of naturalized persons who will not be on that basis—that once we have a naturalized person he should have all the rights of a natural born person. That, I may say, is a principle about which I know there are a good many administrative inconveniences, but the hon. lady under her bill is removing from the lists of revocable cases all those people who have permanently withdrawn their connection from Canada anyway. It seems to me that the number of persons who come under the new section 19 is so small that we may just as well take the bad with the good.

I do think the hon. lady should consult with the Minister of Justice and with the law officers of the crown to see whether some way could be found to make it clear that a person who gets citizenship by fraud never was a citizen, in other words, we would not be taking it away from him, in the same way as a distinction is made between annulment and divorce. It could be got around in that way, and we would be able to boast that once you became a naturalized Canadian citizen you had all the rights of a Canadian born citizen, and it seems to me that the advantages of having that would be so great that we should go the whole hog and do that.

Perhaps I have not studied this to the extent that I might have done, but I do not believe it would be competent for us to amend the bill in committee. To accomplish what I have in mind I have an amendment to move on second reading which seems to me to fill all the requirements of citation 382 of Beauchesne and I hope we can dispose of it quickly without any long discussion about it, and have the sense of the house on the principle of this amendment. I therefore move, seconded by the hon. member for Villeneuve (Mr. Dumas):

> That all the words after the word "that" be struck out and the following substituted therefor:
> "This house declines to give second reading to this bill because it fails to provide that naturalized citizens shall have equality of rights and status with natural born citizens."

Mrs. Fairclough: Of course, this amendment comes as somewhat of a surprise, but looking at it quickly it seems to me that it could have no other effect than to kill the bill, and as such it seems to me it is out of order.

Mr. Pickersgill: I admit that the intention of the amendment would kill the bill, but that would have been the effect of an amendment framed in almost precisely similar terms which the Speaker ruled in order after quite extensive argument two days ago which had precisely the same force. This is a resolution declaratory of a principle differing from the policy and provisions of the bill and it seems therefore to me to be quite competent, and I would suggest to the hon. lady that instead of spending a lot of time in discussing the point of order we divide the house on the amendment and get it over with.

Mrs. Fairclough: It seems to me that Your Honour should rule on this. I will maintain the position I took at first, that is that this has the effect of killing the bill and I ask Your Honour to consider it very carefully.

Mr. Pickersgill: It is debatable. The hon. lady could speak on it if she wishes. She could speak on it all night because a minister speaking to an amendment is not limited as to time.

Mr. Fleming (Eglinton): Mr. Speaker may I address you briefly on the point of order and support the position taken by my colleague, the Minister of Citizenship and Immigration. It may appear, Mr. Speaker, that the point raised is not unlike that presented a couple of days ago upon which Mr. Speaker at that time made a ruling. But I would respectfully invite you, Mr. Speaker, to consider these aspects of the point raised by the amendment.

My hon. friend, the mover of the amendment, seeks to bring his amendment within the rule that it is competent to an hon. member to introduce on second reading an amendment that asserts a contrary principle. That position, of course, is still subject to the necessity of proving relevancy. In my respectful submission, Mr. Speaker, this amendment does not assert a contrary principle. It purports, rather, to give a reason for outright opposition to the motion for second reading.

An amendment that does no more than assert a negative is, of course, clearly out of order. An amendment that merely gives a reason, Mr. Speaker, for asserting opposition to the motion for second reading is clearly out of order. My hon. friend, therefore, must satisfy you, Mr. Speaker, that his motion does more than create a negative, that it does more than simply give a reason for opposing the motion and that it does set up a contrary principle still relevant to the main motion. In my respectful submission neither in substance nor in form does this amendment set up a contrary principle. It is simply a statement that the house should decline to give second reading to the bill because, and here is the reason:

> —it fails to provide that naturalized citizens shall have equality of rights and status with natural-born citizens.

That is an attempt to give a reason, Mr. Speaker, why the motion should not pass; it is an attempt to set up a reason for a negative. There is no contrary principle set up there, Mr. Speaker; the amendment has not been drawn in that form. It has neither that form nor that effect.

So far as the ruling of Mr. Speaker the other day is concerned, although it is not open to debate on this occasion I respectfully submit to you that it is no support for the ruling that the mover of this motion is asking you to make today. The amendment clearly does not assert a principle contrary to the principle of this bill.

Mr. Pickersgill: Mr. Speaker, do you desire to hear my reply, and I will try to make it very brief? The first point raised by the Minister of Finance was the question of relevancy. This bill seeks to reduce the disabilities under which certain naturalized citizens suffer. We suggest that they should all be removed. Therefore, there can be no question about the relevancy of it. It is simply going a little farther than the government is prepared to go in the bill, but in the same direction.

It is certainly more than a negative. It is indeed even more positive than the bill. It is going farther in the same direction and it is not seeking to negative this bill so much as to urge the government to bring in a bill which will do a little more in the same relevant field than this one does.

The minister said that to be in order it was necessary for an amendment to be contrary. That, of course, is not the word in Beauchesne. Citation 382 of Beauchesne reads in part:

> —a resolution declaratory of some principle adverse to, or differing from,—

I do not argue that this is adverse to, but I do argue—as it palpably is—that it is differing from, and it is differing from, but relevant, and it certainly is declaratory of a principle, the principle being that naturalized citizens should have equality of rights and status with natural born citizens. It does seem to me that it satisfies all of the requirements that the Minister of Finance suggested would have to be satisfied.

Mr. Crestohl: Mr. Speaker, on the point of order, the principle of the bill in one form or another does state that there are two different classifications of Canadian citizens which are to be treated differently under

certain circumstances. If it is possible to avoid dividing the house on the matter, of course, it would be preferable. I am just addressing myself to the minister directly. I have a proposed amendment to one of the sections and if the minister could possibly see her way to accept the proposed amendment then we do not have—

The Acting Speaker (Mr. Rea): We are talking on a point of order.

Mr. Crestohl: Mr. Speaker, you are perfectly right, but I am suggesting that perhaps we can avoid dividing the house. If you want to insist on dividing the house, all right. I am making a proposition that we can avoid making an issue of this in the house if I could have some assurance that this amendment would be considered.

The Acting Speaker (Mr. Rea): Order.

Mr. Crestohl: All right, if you insist on dividing the house.

The Acting Speaker (Mr. Rea): Does the hon. member wish to say something more before I make my ruling? If he does, I would be happy to hear him. At page 531 of May's Parliamentary Practice, sixteenth edition, we find the following:

> —nor anticipate amendments thereto which may be moved in committee.

In my opinion this amendment does not oppose the principle of the bill; it anticipates the committee stage and therefore I rule it out of order.

Mr. Pickersgill: I wonder if Your Honour would permit—

The Acting Speaker (Mr. Rea): The ruling has been made.

Mr. Pickersgill: Your Honour is not prepared to have any comment made at all?

The Acting Speaker (Mr. Rea): The ruling has been made.

Mr. Frank Howard (Skeena): Mr. Speaker, before I proceed to make a few comments on second reading, since it is a few minutes past ten o'clock, I wonder whether you would like to ascertain the wishes of the house with respect to proceeding?

The Acting Speaker (Mr. Rea): Would the house agree to give unanimous consent to continue for a while?

Some hon. Members: Agreed.

Mr. Howard: I am thinking specifically, Mr. Speaker, of hon. members in terms of this bill. Today in speaking on another bill that will have an effect similar to the effect of sections of the Canadian Citizenship Act, the Prime Minister (Mr. Diefenbaker) indicated that he hoped the bill of rights when it became law would make parliament more cautious in developing its legislative program, would make parliament more concerned with the rights and freedoms of individuals. This is one of the first opportunities—I would say the first opportunity—that we have had, following the declarations of the Prime Minister, the Leader of the Opposition (Mr. Pearson) and the hon. member for Assiniboia (Mr. Argue), with respect to the bill of rights to consider legislation which has a somewhat parallel course to that announced in the bill of rights today. In our consideration of this bill we should follow the thoughts expressed by the Prime Minister earlier today when he said parliament should become more cautious in the future and more concerned with the rights and freedoms of individuals when it considers legislation.

I might add that even though I am trespassing a bit in this, the general thoughts that I have and which the C.C.F. have with respect to this bill follow the same thoughts expressed by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) in that we feel that naturalized citizens should have equality of rights and status under the act as natural born citizens have, and I would hope that the minister would undertake to make some statement. I am sure it would meet with the unanimous approval of the house if she would express the thought that it is the hope of the government, if not today, if not on this bill then at some time in the immediate future, to move in the direction of placing natural born Canadian citizens and people who become citizens under this act on the same basis.

I must say that I also appreciate the minister indicating that she intends to ask one of her colleagues to move an amendment for the deletion of a particular clause. If she does not have the wording already prepared I would be quite prepared to send it over to her because we have somewhat the same idea in mind. She will not have any difficulty in getting support for that.

There is one thing I had hoped would happen ever since the speech from the throne indicated that amendments to the citizenship act would be introduced to clear up certain discriminatory features. I think it would have been much more acceptable if the minister could have introduced legislation to remove the inconsistencies that exist all across the country with respect to people becoming citizens. I refer to the questions they are asked in the various courts across the nation and the lack of guidance to judges in asking questions of prospective citizens. We know that even in the same

province different rules are applied in one part of a province as opposed to another because of the attitude of the judge conducting the inquiry into the citizenship application. We find that it is relatively easier in some areas than in others to become a Canadian citizen because no general guidance is given judges in the act and they are pretty well on their own. It would have been nicer if the minister could have introduced a more extensive bill at this time to do away with these inconsistencies. There are a number of features in the bill itself that we may want to deal with in the committee stage but for the time being I will not say any more.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, as the two previous speakers have already mentioned I think it is somewhat significant that the citizenship bill should come up for debate on the same day as the bill of rights, and if I heard correctly this is not the first time this coincidence has happened. I think I heard the hon. member for Assiniboia (Mr. Argue) mention today that in 1945 a similar coincidence developed when a resolution for a bill of rights was introduced on the same day that the citizenship act was adopted. I rather pay some attention to this strange coincidence, and I should like to consider this matter from that standpoint and not at all from a party standpoint as it does not have any political significance whatever. I am confident that a matter of this kind will be considered purely on its merits by the house and by the minister who has all the sympathy necessary for considering citizenship in Canada.

Actually the premise of what I should like to say exists in the bill itself. The bill does classify citizens so far as losing their citizenship is concerned. The bill indicates that under certain conditions a naturalized citizen can lose his citizenship but no indication is given that for the same offences or under the same conditions a natural-born citizen will also lose his citizenship.

Let me illustrate what I mean. It is suggested that when a naturalized citizen commits the offence of treason or commits an offence against the Official Secrets Act he can lose his citizenship. A native born citizen can also commit treason and can also be found guilty of an offence against the Official Secrets Act. If a natural born citizen and a naturalized citizen both commit the offence of treason and are found guilty of the same offence I think the punishment should be the same for both.

Mr. Green: May I ask the hon. member a question? Does he not realize that the essence of the offence is refusing to come back to Canada to be tried?

[Mr. Howard.]

Mr. Crestohl: Certainly I realize that, but the same thing applies to a natural born citizen who may commit the offence of treason and leave the country. If a notice is sent to him under the bill and he does not come back to face either a preliminary inquiry or a trial, nowhere is it indicated that the natural born citizen will lose his citizenship under these circumstances.

Mr. Browne (St. John's West): May I suggest to the hon. member that he cannot lose it unless he takes up citizenship in some other country.

Mr. Crestohl: Then the legislation should clearly state so. My submission is that it should apply to both who commit the same offence and fail to return to Canada. The natural born and the naturalized citizen should be treated in the same way and punished identically for having committed the same offence. I think my proposition is quite clear and simple and I do not think I am asking for anything that is not reasonable under the circumstances. I think the legislation should so provide. Otherwise, what are we doing? We are actually creating a cleavage between two classes of citizens. We are creating different rights for different types of citizens and that is not just a simple matter. I should like to point out that one of our provinces has made the difference even clearer. In the province of Quebec the election act adopted in 1952, I believe, has this provision:

> When, upon application for the entry or for the striking off of names, the board of revisors comes to the conclusion that a person entered on an electoral list is not a Canadian citizen by birth, it may require such person to show by his certificate of naturalization or citizenship that he has the status of a Canadian citizen—

It is a perfectly proper provision in so far as having the right to vote is concerned, but here a difference is created between a citizen who is naturalized and one who is natural born. The naturalized citizen must produce his documents in order to be entered on the lists. A natural born citizen is not obliged to produce his documents. If the one is called upon to produce his naturalization papers, the other should be called upon to produce his birth certificate. Why should the one be believed and not the other? I am only citing this to show that if our citizenship law does create a difference the province has taken advantage of it and I think to the detriment of good law, good citizenship and equal rights.

When the Prime Minister (Mr. Diefenbaker) and the Leader of the Opposition (Mr. Pearson) today spoke so feelingly and so passionately about the equal rights of citizens, I was reminded that this is the first time I have heard him emphasize equal rights for all citizens. I emphasize that to the

minister of immigration. This bill does not allow for equal rights to all citizens. It draws a line of demarcation. It may be a very thin line and the difference may be very subtle, but at the same time it is palpable.

I should like to draw the attention of the house to the fact that there are many painful memories which are still fresh in the minds of many people as a result of the fact that in some countries there was more than one class of citizenship. Certainly the history of the last 100 years should cause hon. members of this house to be horrified by the possibility of fostering in Canada, in even the subtlest form, two different classes of citizens. Whether or not we admit it, whether or not we like to admit it, I think if hon. members would look at the clauses of the bill they would find that there is that difference which I am pleading should be changed or eliminated. I have already given an illustration to show that if a similar offence were committed by both classes, the punishment should be identical.

I should like to point out also, Mr. Speaker, to hon. members that if we allow that difference to be created in one level of our law, other differences can also be created. For example, what is there to prevent parliament from adopting a bill to the effect that only natural born citizens shall be eligible for membership in Her Majesty's privy council? It is possible, by law, to say that only those who are born in this country shall qualify to serve in Her Majesty's privy council. We do not want that. If we adopt such a principle in one bill we do not know how it may work in another bill in the future.

If there are going to be two classes of citizens, one natural born and one naturalized, what is going to prevent parliament from enacting a law that only native born citizens can serve as judges in Her Majesty's courts or even be entitled to election to the House of Commons? I am very fearful of the possibilities that we are, by this bill, fostering. There now exists a difference in our citizenship. I shall, Mr. Speaker, when we are dealing with the bill in committee, move an amendment which the minister may consider. I appeal to all hon. members in the house to consider it because it is far beyond party lines. I should like to recommend it to the minister. I do not know whether I have permission to speak about it at this stage, but I shall not. I should like to make my appeal now to all hon. members to disregard party lines. I think this transcends all politics, all party lines, especially in view of the warm, genuine, sincere appeal made today by the Prime Minister, the Leader of the Opposition and the leader of the C.C.F. party in the House of Commons of Canada.

Mr. Hubert Badanai (Fort William): I wish to congratulate the hon. lady, Mr. Speaker, for the very gracious speech she made in introducing this new Canadian Citizenship Act. I was glad to hear of the removal of paragraph (c) because that improved the bill somewhat but there is a most objectionable feature remaining and that is in clause 2, which reads:

> The governor in council may, in his discretion, order that any person—

The Acting Speaker (Mr. Rea): Order; I shall have to remind the hon. member that on second reading we discuss the principle of the bill and not the clauses of the bill.

Mr. Badanai: In any event, this clause is a dangerous weapon placed in the hands of the minister who may, in effect, order the deportation of any naturalized Canadian citizen who may happen to be supporting some unpopular political party. This is not a move towards achieving equality of status between natural born Canadian citizens and naturalized citizens. Those who were naturalized would be placed in a position of second-class citizens. No amount of oratory to the contrary will convince anyone that this bill is not discriminatory and that it will not create two classes of citizens, one that can be deported at the discretion of the minister, and the other that will continue to enjoy the rights of citizenship which, in this bill, are denied the naturalized citizens.

We on this side of the house thought all along, and were encouraged to believe, that what the government had in mind was to make sure that all Canadians, whatever their origin, would have complete equality in Canada. This bill, Mr. Speaker, does nothing to fulfil the hopes, the expectations of the people who came here from foreign shores, and I am one of them. I am not speaking for myself, I am speaking for the citizens who have adopted this country as their own, and who live in the district of Thunder bay in which my riding is located. I express the sincere hope that the hon. lady, who has shown a keen interest in citizenship and immigration may consider an amendment to this objectionable clause.

As has been indicated already, this morning, the Prime Minister spoke very eloquently about a bill of rights, a measure which has been proposed for the recognition and protection of human rights and fundamental freedoms of all Canadians and which, amongst other things, will guarantee the right of the individual to the protection of the law without discrimination because of race, origin, colour, religion or sex. It is quite

clear that the Canadian Citizenship Act contravenes that principle of the bill of rights introduced by the Prime Minister. Surely, the minister realizes this is clear discrimination, and I respectfully submit this bill should be reconsidered and changed to conform with the principle expressed in the bill of rights.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, just a word or two. I am opposed in principle to any legislation or proposed legislation whose implementation may tend to set up two distinct classes of citizens.

In my constituency there are thousands of new Canadians. I try to serve their interests as well as those of all natural born Canadian citizens. Since the principle of this bill is dangerous to national unity and tends to create racial discrimination, I feel unable to accept its principle.

If the Minister of Citizenship and Immigration (Mrs. Fairclough) does not wish to amend that bill in line with the principle set out by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), I will have to vote against its adoption.

(Text):

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, I should like to say a few words on this bill and to add my criticism of the clause in it which has to do with citizenship of all Canadians. The constituency which I represent has, I think, almost every group of peoples of foreign extraction. As a result we have a great many certificates of Canadian citizenship alloted each year. I can honestly say that within the last 12 months in five sittings of our citizenship court over 2,000 certificates have been given to new Canadians. I feel that these new Canadians are good citizens of our country. I feel that they should not be discriminated against in the form of differentiation between one type of citizen and another type of citizen. In other words, I feel that we are even suggesting that a second class type of Canadian citizen is being legislated against.

I know there will be a great deal of misgivings and certainly a great many disappointments among those lucky 2,000 citizens in the last 12 months who have received these certificates which they hoped they would receive and which they have prayed for. In order to be able to qualify for them they have been good citizens. I feel that they are being discriminated against. I can see no reason why they should be treated in that way.

I have here a newspaper article which I should like to read. It is an article that appeared in a newspaper published in Hamilton which I believe is the hon. lady's home city. I should just like to read part of this article and to say that I concur in what is said. It reads as follows:

> The Conservative government will soon bring the rights of "naturalized" Canadians into line with those of "natural-born" citizens.
>
> Chief aim of the government is to eliminate the feeling among many new Canadians that "naturalized" citizenship is insecure—a feeling prompted by clauses of the Canadian Citizenship Act which appear to discriminate against the newcomer.
>
> The act provides that the status of naturalized citizens—those born abroad and subsequently nationalized—is subject to review at any time by the government. It may cancel citizenship for reasons such as:
>
> Residence abroad for six years without maintaining "substantial connection" with Canada.

It is rather ambiguous, Mr. Speaker, according to my understanding of its terms.

> Conviction by a Canadian court of "any offence involving disaffection or disloyalty to Canada."
>
> Showing oneself, while abroad, "by act or speech disaffected or disloyal to Her Majesty".
>
> The natural born Canadian, on the other hand, can lose his citizenship only if he becomes a citizen of another country.

There is a vast difference in the two arrangements, as between Canadian born and natural-born citizens.

> Acting Citizenship and Immigration Minister Davie Fulton said Tuesday he was impressed with the argument that the present act discriminates against the naturalized citizen.
>
> Amendments to the act probably will come when the Commons meets early next year.

If this article which I have read is correct, I might say that I agree wholeheartedly with the previous acting minister of citizenship and immigration. Should this bill pass in the form in which it is now, I am afraid that when I go home I would prefer that the present government acted under this bill and not the opposition.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, I would like to say a few words to explain the reasons why I will vote against passage of Bill C-58, an act to amend the Canadian Citizenship Act.

This morning the Prime Minister (Mr. Diefenbaker) with a great deal of grandiloquence, put before the house a bill for the recognition and protection of the rights of man and fundamental freedoms. We know that that legislation is very close to his heart and that he has been speaking about it for a long time, as have a certain number of hon. members who used to sit on this side of the house when the Liberal party was in power.

This evening, the government, through the Minister of Citizenship and Immigration (Mrs. Fairclough) is proposing the passage of Bill C-58.

In my opinion, this bill is an encroachment upon the rights of Canadian citizens of foreign origin who have come here to co-operate

with us, native Canadians, in the welfare of our fellow-citizens and in the development of our country. I am surprised at the stand taken by the minister in introducing such a bill, because we know that she has children, she is Canadian and, I admit, a model wife. Indeed, this bill will deny certain rights to our fellow-citizens who have come from other countries to join with us in the building of the Canadian nation.

As I said a moment ago, the Prime Minister put before us this morning a bill aiming at the protection of human rights and the prevention of any "discrimination" whatsoever.

This evening, as I said, we are asked to pass a bill which tends precisely to discriminate against a certain category of Canadians.

If we accept in this country that some fellow citizens who came from abroad to join us and add to the Canadian nation, we must consider them as Canadians, as our own people.

When a foreigner wants to establish himself in Canada, he has to put in an application. I realize that the Department of Citizenship and Immigration then proceeds to make a serious inquiry and that the applicant is admitted only if he is a desirable citizen, able to adapt himself to our Canadian way of life. Five years after he is admitted to Canada, a person of foreign origin declares his intention to become a Canadian citizen and during the following year, the minister may still make another inquiry in this case, which means that, following the investigations made before his admission to this country and during the six years he has resided here, we should be able to judge if such person could become a good Canadian citizen or should be returned to his home country.

Serious investigations were made in each case and in this connection, Mr. Speaker, I must say I have always wondered why it has been impossible for members, as well as for the persons concerned, to know why certain applications from immigrants wishing to take up residence in Canada were turned down.

I am one of those who believe that immigration is necessary in a country as large as ours. That is my personal opinion, but I do not believe that with a population of 17 million people, we can manage to make of our country what we would like it to become, if we do not let in the many immigrants who have decided to take up residence here. On the other hand, if we accept them, they must enjoy the same protection as that enjoyed by our natural born citizens.

I understand this bill divides our Canadian citizens in two categories: those who are natural born and those who came later to take up residence here.

Mr. Speaker, it would be disgraceful if we Canadians allowed a government policy of discrimination against new Canadians. You can rest assured that I will vote against the proposed amendment to the Canadian Citizenship Act.

As I see it, if a man is a Canadian, then, regardless of his ethnical and geographical origin, if he is good enough to have been acceptable as a Canadian, he is good enough to enjoy the legal rights of a Canadian.

Mr. Speaker, I repeat that I will vote against this amendment to the Canadian Citizenship Act.

(Text):

Hon. L. B. Pearson (Leader of the Opposition): I will not detain the house more than a minute but I wish to go on record as explaining our opposition to the second reading of this bill on the very simple grounds—and they are the same grounds which were outlined in the amendment which was submitted but which was not in order—that the bill failed to provide that naturalized citizens have equality of rights and status with natural born citizens. It does not in any way confirm the essential principle of citizenship in this country, that there shall be only one class of citizens in Canada, in a country which has no room for first, second or third class Canadians.

Some hon. Members: Hear, hear.

Mr. Pearson: I think that is all I need to say to indicate the fundamental reason, and it is a good reason, why we oppose second reading of this bill.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The Leader of the Opposition (Mr. Pearson) has just said a few words which convey to me the keynote of the opposition to this bill. He has said that he has sought to explain his opposition, but I say to him that he can seek to explain to the many hundreds of thousands of people in this country who have obtained their citizenship, having come here from other lands, why he opposes the liberalization of the rules which now exist and which have existed for a long time. He and his colleagues and those who have joined with them from his right have really found nothing to criticize in this bill.

Mr. Howard: Do not be too sure.

Mrs. Fairclough: I am never sure, my friend.

Mr. Howard: That makes two of us.

Mr. Hamilton (Qu'Appelle): No, one and a half.

Mrs. Fairclough: I may say that if it can be shown to me that in some respect this bill could be improved or if I can be convinced that there should be an amendment, I am willing to receive such a suggestion. I think I have already demonstrated that it is my announced intention to remove a clause, which I do not believe was a bad clause, but which I am removing because I think it might be misinterpreted and because of the wish to impress upon these people who are relative newcomers to our land that we want them to enjoy the privileges which we enjoy.

Nothing in this bill imposes anything; there is no restriction imposed whatsoever. Everything that has been done in amending the citizenship act by this bill has been towards the removal of restrictions and discriminations which existed in the old act.

Two or three things were said by various members in the course of debate. The member for Skeena (Mr. Howard) said that he sought equality of citizenship. This bill goes a long, long way towards establishing that equality. In so far as the applications for citizenship are concerned, it is true that different judges in different courts across this country may have differing conceptions as to what constitutes a proper basis for the award of citizenship. That is the decisions are in their hands. There may be room for improvement in the manner in which these courts are conducted but so long as applicants appear before the judges of this land the matter is in their hands and we cannot interfere with their judgment. In any event, if we decide to alter the manner in which citizenship is awarded, that is a matter for regulations under the act.

The hon. member for Cartier (Mr. Crestohl) I know felt very strongly about this bill, but even he seemed to feel that instead of making concessions it was imposing additional discriminations. I am sure on reflection he will see that is not true, but the main part of his remarks seemed to me to be directed towards an argument in favour of imposing restrictions on natural-born Canadians rather than removing them from those who are naturalized. I doubt very much that that would go down too well with either natural-born or naturalized Canadians.

The only reasons left why revocation of citizenship can be carried out are treason and fraud and in the former case not even treason, if the person stays here in Canada or returns to Canada to face the charges laid against him. So there remains only fraud, and I cannot see why any of us should feel that we should overlook misrepresentation on the part of people applying for citizenship. That is the only circumstance which would cause the revocation of citizenship of a naturalized Canadian, and may I say furthermore that if there is an attempt to deprive any naturalized citizen of his citizenship he has recourse to the courts. He may appeal and there is provision under section 19(4) of the act for a hearing of his case. He may plead that he has been unjustly dealt with and he will have a proper hearing by a proper court.

It was said, I think again by the hon. member for Cartier, that this thing could get slightly out of hand, and we might get to a position where a person could not stand for election to the House of Commons unless he was a natural-born Canadian; that it might be possible that he would not be eligible for appointment to the privy council. I am sorry I did not bring down the figures but there are many hundreds of thousands of voters in this country who are naturalized citizens, and it seems to me that the answer to the fears expressed by the hon. member for Cartier lies in the power and the privilege which is accorded to citizens to exercise their franchise. I can feel no fear in my heart that this discrimination now or at any time will be foisted upon the people of Canada by any government and I am sure that the hon. member will agree with me that any government which attempted to do that would not last past the next election.

May I just say in answer to the fears of the hon. member for Fort William (Mr. Badanai) that in no place in this bill is deportation mentioned. There is nothing in this bill about deportation at all. As I said before, this bill does not create discrimination; it corrects discrimination which presently exists.

I do not think I have ever heard such foolish arguments against a piece of legislation or such an attempt to misrepresent what has been attempted as I have heard tonight. If those new Canadians who were mentioned by the hon. member for Sudbury (Mr. Mitchell) were pleased to receive their citizenship certificates—and I know they all were—then they should be doubly pleased now, because the circumstances in which they will enjoy Canadian citizenship will be improved. The only reason that I can think of that the hon. member may fail to please his constituents would be because he had failed to understand the import of this bill.

The intention of the bill is to place new Canadians on a par with natural born Canadians. All of us have been in this country

a relatively short time. There are few who can trace their ancestry back through people who have been here for more than five generations; there are few who can do that for even five generations, and at the rate at which we have been welcoming people into Canada there are today in Canada so many people who have come here from other countries that it would be very hard indeed to calculate offhand the number of those who are natural born and those who are naturalized.

It takes a peculiar kind of courage to tear up roots and go to a new land. It takes a special kind of initiative to start a new life, and frequently it takes boundless energy to establish oneself in a new country. These were qualities that were possessed by our forefathers, those people who made this country what it is today. Because of that we recognize those qualities in those who seek naturalized status in Canada, and because of that we welcome these newcomers as kindred souls. It is true there may be among them those who will betray their fellows. It was ever thus. We have among us, among our natural born, those who would betray us, unfortunately.

However, we have faith. We have faith in these new people; we have faith in these newcomers and we are willing to give them evidence of that faith. We believe that in the amendments to this act which we propose in this bill we are giving them just that evidence.

The house divided on the motion (Mrs. Fairclough) which was agreed to on the following division:

YEAS

Messrs:

Allard	Fleming (Eglinton)
Allmark	Fleming (Okanagan-Revelstoke)
Anderson	Flynn
Balcer	Frechette
Barrington	Fulton
Bell (Carleton)	Grafftey
Bissonnette	Green
Browne (St. John's West)	Grills
Browne (Vancouver-Kingsway)	Gundlock
Campbell (Stormont)	Hales
Cardiff	Hamilton (Notre Dame de Grace)
Chambers	Hamilton (Qu'Appelle)
Charlton	Harkness
Churchill	Hees
Coates	Howard
Cooper	Jung
Creaghan	Kennedy
Crouse	Lambert
Danforth	Letourneau
Dorion	Macdonnell
Doucett	MacEwan
Drouin	MacInnis
Drysdale	MacLean (Queens)
Dubois	MacRae
English	McBair
Fairclough, Mrs.	McGee
	Martini
	Milligan
	Monteith (Perth)
	Montgomery
	Morissette
	Morton
	Muir (Cape Breton North and Victoria)
	Nasserden
	Nesbitt
	Nowlan
	Parizeau
	Pascoe
	Pearkes
	Rapp
	Rea
	Regnier
	Ricard
	Richard (Kamouraska)
	Simpson
	Smith (Hastings-Frontenac)
	Smith (Simcoe North)
	Smith (Winnipeg North)
	Speakman
	Spencer
	Stewart
	Tasse
	Thomas
	Tremblay
	Valade
	Villeneuve
	Vivian
	Walker
	Webster
	White
	Winch
	Winkler
	Woolliams—89.

NAYS

Messrs:

Badanai	Habel
Batten	Lessard
Bourget	Loiselle
Bourque	Macnaughton
Brassard (Lapointe)	McIlraith
Caron	McWilliam
Carter	Michaud
Crestohl	Mitchell
Denis	Pearson
Deschatelets	Pickersgill
Dumas	Rouleau
Forgie	Tucker—25.
Gour	

Motion agreed to and bill read the second time.

Mr. Speaker: Mrs. Fairclough, seconded by Mr. Monteith (Perth), moves that I do now leave the chair for the house to go into committee—

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether the leader of the house can tell us what we will be doing tomorrow.

Mr. Winch: Mr. Speaker, if this is to be the procedure, what is the intention with respect to the closing of the house? The citizenship bill must go before the Senate, so is it the intention to carry on tomorrow, send the bill to the Senate and then carry on next week? What is the situation? If I have your permission, Mr. Speaker, may I ask the house leader whether we could not finish the bill this evening in order that it may go to the Senate and the house can prorogue tomorrow?

Mr. Caron: Why did you call a vote if you wanted to finish?

Mr. Green: Of course, the house has no control over what the Senate will do. It is the intention of the government to carry this bill through the various stages.

Mr. Howard: If I may raise a point, Mr. Speaker, after a procedural matter had been

dealt with I rose about ten minutes after ten to speak on second reading and asked if you would ascertain whether it was the desire of the house to carry on further and conclude this bill. I proceeded with the thought in mind that we would conclude all stages of the bill this evening in order that it might go to the other place in the morning.

Mr. Winch: That was our understanding.

Mr. Speaker: Is it the will of the house to continue?

Some hon. Members: Ten o'clock.

Mr. Pearson: We moved an amendment to second reading of the bill which was ruled out of order. We now have to consider the moving of amendments to clauses of the bill when we get into committee and we need time to give consideration to that before going on. Perhaps this bill could be the first item of business tomorrow morning. That might make it possible to get it to the Senate in time.

Mr. Green: Tomorrow we are going to commence with estimates, then take this bill and then item No. 1 on today's order paper, which is consideration of amendments made by the Senate to the broadcasting bill.

Mr. Winch: May I ask the house leader when the government, in consultation with the Leader of the Opposition, expects prorogation to take place?

Mr. Habel: Some time in December.

Mr. Green: It is hoped that there will be prorogation late tomorrow afternoon. That, of course, will depend on the house and the Senate.

At 11.19 p.m. the house adjourned, without question put, pursuant to the order of the house passed on August 4.

ANSWER TO QUESTION

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

FORT YORK HISTORIC SITE

Question No. 182—**Mr. McIlraith:**

1. Is there any agreement between the federal government and city of Toronto requiring that lands of Fort York be maintained as a historic site?
2. Has the federal government received from the city of Toronto a request for authority to use Fort York lands as a right of way?
3. If so, has any decision been reached?

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

1. The letters patent dated 7th May, 1909 by which the crown in right of Canada transferred to the city of Toronto the lands of Fort York contain the following provision:

"To have and to hold the same unto the corporation, its successors and assigns, upon and subject to the following trust and condition, namely; that the site of the old fort situate upon the said lands shall, as far as possible, be restored to its original condition, as shown on the attached copy of a plan of it, prepared by G. Nichols, government engineer, and dated Quebec, 24th June, 1816, and that the same shall be preserved and maintained in such conditions forever.

"Provided that upon the breach by the corporation, its successors and assigns of the trust and condition to which the grant hereby made is subject as aforesaid, such grant shall immediately become and be null and void, and it shall be lawful for us, our heirs, successors and assigns, in, to and upon the said lands hereby granted (or any part thereof in the name of the whole) to re-enter, and the same to have again, repossess, and enjoy as of our former estate therein anything herein contained to the contrary notwithstanding."

2. No official request has been received from the city of Toronto for authority to use Fort York lands as a right of way.

3. N.A.

HOUSE OF COMMONS

Saturday, September 6, 1958

The house met at eleven o'clock.

PUBLIC ACCOUNTS

THIRD REPORT OF STANDING COMMITTEE

Mr. Alan Macnaughton (Mount Royal): Pursuant to the obligations placed upon the chairman by the rules of the house, Mr. Speaker, I have the honour to present in English and in French the third report of the standing committee on public accounts. I do not intend to move concurrence in this report.

HOUSE OF COMMONS

CONCLUSION OF PRESENT SESSION—SITUATION IN FAR EAST

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as one can now look to the hope of termination of this session, I thought I ought to make a few general remarks as to the probable date of commencement of the next session.

I know we cannot always predict the end of a session. Many circumstances arise that make it rather difficult to determine. But as it appears to be generally agreed that today we can expect to conclude this session, I should like to say this. I have been here for 18 years, and I have never seen any session in which there has been harder and more arduous application to an extremely heavy program than has been the case this session. I express the hope that unless international or national problems of major urgency require the calling together of parliament at an earlier date, the next session will not be convened before the month of January. As a matter of fact, some indication is given as to the degree of application to their duties by hon. members when it is realized that since October 14 last, parliament has been sitting for 171 days, and that for a considerable portion of that period extra hours have been the rule rather than the exception.

I believe in parliament. I believe that when parliament is sitting—and when I say this I speak for myself and, I am sure, for my colleagues—there is a feeling of strength to the government of the day, when that government has the benefit of the presence of parliament where, after all, we are all working to the same end. In a community of council and in common dedication, parliament has its greatest strength.

I mentioned that the international situation might make necessary the calling of the next session of parliament at an earlier date. In that connection I think the house will permit me to make a reference to the present international situation which, while disquieting today, has in recent months revealed grounds for encouragement. We have had during the summer striking evidence of the extent to which international agreement is possible by negotiation under the United Nations. The prospects for progress on disarmament are, I think, better than they have ever been before. In the past month we have seen what the United Nations has been able to achieve in the Middle East toward the reduction in tension, and the general move toward the settlement of that problem. What has been achieved in that area is as yet tentative rather than final.

However, at this time there is in the Far East a situation which is most disquieting. The most alarming aspect there is that it seems difficult to envisage a satisfactory settlement of a dispute which has attained such threatening proportions. I think the world wants to be assured that nothing will be left undone to prevent any action that might result in the world sliding into disastrous consequences. Surely it is not beyond our capacity in the light of the experience in recent months in other parts of the world to find some means whereby in this dispute in the Far East the good offices of the United Nations might be invoked.

As far as Canada is concerned, I think Canadians as a whole would expect that their representatives will not fail at this time to explore every avenue for the settlement of the grave situation which today prevails, and it is in that spirit that I suggest the United Nations might have an opportunity and an appointment with responsibility in this direction.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I agree with the Prime Minister that this session appears to be approaching its terminal stages. I also agree with him that it has been a hard working but an interesting one. I can certainly understand him when he says that

this has been the most interesting session he has had in his 18 years of parliamentary experience.

It is unfortunate that we are closing the session at a time when international tension in the Far East has increased, especially in view of the fact, as the Prime Minister has indicated, that during the earlier part of the summer tension in other parts of the world seemed to have decreased. It is not wise to be too optimistic when tension decreases, and it is certainly not wise to be too pessimistic at a time when tension appears to increase; but the situation which the Prime Minister has mentioned in the Far East in respect of Quemoy, Matsu and the offshore islands certainly does give cause for great anxiety.

The Prime Minister has mentioned the possibility of the good offices of the United Nations being invoked in this tense situation, a situation which he said had reached distressing proportions; indeed they are dangerous proportions. Anything that can be done, of course, in that direction should be done. We are all aware, I think, of the great success to which the Prime Minister also referred of the United Nations in its intervention in the Middle East. I confess that the action of the assembly on that occasion resulted in more constructive progress than I thought might be the case when the assembly was called together. I know we all rejoiced at its success on that occasion.

If intervention by the United Nations in the Far East in this particular situation should meet with success we would certainly also rejoice. But it is perhaps going to be a little more difficult in this case because intervention there would be intervention by the United Nations in respect of a dispute between two governments, each of which claims to be the government of China, and in that sense this is a dispute which is a civil conflict. The United Nations has recognized one side in that conflict as the government of China and not the other. That is a complicating feature of the situation.

I have had some personal experience in this connection, because I did once take part in negotiations within the United Nations as a member of the committee searching for a formula for a Korean armistice. Those negotiations took place with representatives of the Chinese communist government, and we did not recognize that government. On the other hand, when they met with us, they did not recognize us, and we had to deal with them in adjoining rooms. Another indication of the difficulty is that when a settlement was sought in Indochina it had to be done outside the United Nations, because red China was involved there.

[Mr. Pearson.]

Nevertheless, without underestimating the difficulties, I agree that if anything can be done with regard to this matter in the United Nations it should be done; perhaps it is something which the Canadian delegation to the forthcoming assembly could pursue.

The situation is dangerous because among other things such a high proportion of the army of nationalist China has now been concentrated on these two small islands. I am told that more than one-third of Chiang Kai-shek's best troops are there. That is creating a situation where the defence of these islands is becoming more and more important to the defence of Formosa, and it is to the defence of Formosa that the United States has committed itself, not the defence of these islands. But the two things are becoming more closely intertwined.

The Secretary of State for External Affairs has said on behalf of the government, and I agree with him wholeheartedly, that we are not committed in this matter. We are not committed, but we are certainly concerned, and if anything happens out there to involve the United States we will be more than concerned; we could hardly help being involved if only because of the fact that we, quite rightly, have a North American air command for defence purposes. As the Prime Minister has said, it is a dangerous and tense situation.

The right hon. gentleman also mentioned the prorogation of parliament. I should like to ask him whether in view of possible international and, indeed, domestic developments he has considered adjourning rather than proroguing at this time. This would make it easier for us to meet in the event of an emergency.

Mr. Diefenbaker: The question of whether we should adjourn or prorogue is one that I think should be viewed from the standpoint of practical realities and the interpretation which would be given to any action of that kind. Were we to adjourn, the interpretation placed upon it might be other than the interpretation placed upon prorogation. If events should make it necessary the calling of parliament would not be long delayed; I think it would be possible to call parliament together just as quickly as it would be after a mere adjournment.

Mr. H. W. Herridge (Kootenay West): I am sure everyone has listened with great interest to the Prime Minister's statement with respect to this session which is about to conclude and with respect to the possibilities for next session, but I am sure the portion of his statement to which we paid even closer attention was his reference to the international situation, because without doubt there

is great public concern regarding this developing situation with respect to Formosa and the adjacent islands.

We were very interested to hear the Prime Minister say that our representatives at the United Nations will not fail to explore every avenue in dealing with this situation, and his reference to the possibility of invoking the good offices of the United Nations. I think that is very interesting, particularly in view of the forthcoming meeting of the general assembly. The Prime Minister and the Leader of the Opposition referred to the successful action of the United Nations in dealing with the difficult and tense Middle East situation, and on that account I just want to ask one question before closing.

Is the government of Canada prepared to give leadership to the world in an effort to prevent further unfortunate developments in this crisis by proposing that the whole question be referred to the general assembly of the United Nations for action soon and, in so doing, earn the gratitude of all mankind?

Mr. Diefenbaker: Mr. Speaker, the question that has been asked by the hon. gentleman is a very large one. I went a considerable way in my opening remarks, and having regard to the distance I went I am sure the hon. gentleman would not expect me to answer to a greater extent and give more information than was given in the earlier stage. I thank him for his suggestion, and also for having underscored the necessity of steps being taken to bring about a solution of the situation the seriousness of which the Leader of the Opposition and the hon. gentleman have not exaggerated in their descriptions.

BUSINESS OF THE HOUSE

CRIMINAL CODE—STATEMENT RESPECTING DISPOSITION OF BILL C-32

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I should like to make a statement in regard to the government's intentions in connection with Bill No. C-32, item No. 3 on the order paper. On December 21 last, during the session of parliament that was then in progress, I introduced Bill No. 241, an act to amend the Criminal Code dealing with the slaughtering of animals. At that time I referred to the growing demand for action that would compel all slaughterers of food animals to adopt humane methods of killing, and indicated that it was the view of the government that some action in this field was desirable.

At the time the bill was introduced I pointed out that there were a number of considerations that had to be borne in mind and a number of difficulties to be overcome before we could be sure we had satisfactory legislation. For this reason we said we would only give the bill first reading at that time, and then leave it to stand over to this session so that all those interested could consider the draft legislation and make their representations or suggestions in connection therewith.

I was particularly concerned, of course, to have the comments of the provincial attorneys general, since the provinces are responsible for the enforcement of the Criminal Code. We received comments from six of the provinces, all of which contained some criticism or suggestion which we did our best to meet in redrafting the measure. We also received comments from one or two of the humane societies and the council of meat packers, but apart from these we received very few suggestions from individuals or organizations.

I accordingly introduced this session a new bill, No. C-32, which was given first reading on June 25. This bill includes modifications which were suggested by the limited number of comments we had received.

Notwithstanding our conscientious attempts to provide legislation that would meet the situation we nevertheless, since June 25, have received strong representations from a large number of sources to the effect that it is not satisfactory. I must inform the house that most of these representations received after the introduction of Bill No. C-32 this session are from persons or organizations we had not previously heard from, or alternatively they raised points not raised in the earlier submissions, and that it would have been most helpful if we could have received them subsequent to the introduction of the bill at the previous session and prior to the introduction of the new bill at this session. It was for that purpose that we had allowed it to stand over after first reading last year. However, the fact is that we did not receive them until after we had introduced Bill No. C-32, and the result is that we are now faced with a number of conflicting representations and points of view, many of them involving new considerations of real substance which frankly it has not been possible to reconcile or resolve in the time at our disposal since they were received.

The submissions which raise new considerations deal with such points as the problem of providing for those cases where slaughter, or preparation for slaughter, is carried out in conformity with certain religious ritual; the designation of approved appliances; the availability in Canada of equipment necessary particularly in the case of certain classes of animals; the desirability of defining

"humane method" in advance so those installing certain devices will know for certain that the expenditures made will not be thrown away; the problem of legislating in such a way that large commercial slaughterhouses will be covered without at the same time imposing conditions which it is impracticable or impossible for small concerns or individual farmers to comply with, all matters which present real problems when criminal legislation is concerned.

Strong representations on one or all of these matters have been received from religious organizations, from humane slaughter societies, from small packers, from large packers and from individual farmers and farm organizations, representations of a nature and from sources which are entitled to careful consideration. Unfortunately, as I say, they were received after Bill No. C-32 was introduced.

In the face of these comments and objections I have come reluctantly to the conclusion that it is not possible at this time to find a legislative formula that would resolve all the difficulties that are involved. I wish to assure the house that we in the Department of Justice have tried conscientiously to find such a formula, and express my regret that we have been unable to do so. Accordingly I have come to the conclusion that it would not be in the public interest to proceed with Bill No. C-32 at this session.

We are still convinced, however, that it is desirable that some action be taken. It is our present feeling that the best way to proceed would be to place the matter before a committee of parliament in order that evidence and opinions of all those concerned may be heard and studied, in the expectation that in this way and with the assistance of members of parliament themselves we may work out a satisfactory method of meeting the problem. Accordingly it is our intention to introduce a further draft proposal at the next session which will be placed before the appropriate committee of the house, or possibly of both houses, for their study and consideration.

It is my hope that in the meantime all concerned will give the matter further consideration and prepare their submissions, so that at an early date next session the committee may proceed with its study and hear evidence which should be helpful in enabling parliament to determine the best course to follow in bringing about a solution.

I cannot conclude, Mr. Speaker, without expressing my appreciation for the co-operation I have received from interested organizations. I should also add that it is a matter of great satisfaction to me that a number of the large meat processing plants have already installed humane devices for the slaughter of food animals.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister's statement deals with a matter which we had anticipated would have been brought before the house this session. Indeed, the minister himself indicated that; but in the circumstances I do not think anyone can object to the stand he has taken and the course he proposes. We on this side have noted with satisfaction his reaffirmation of the desirability of action in this matter, a matter which has aroused great public interest in the country. I think the course he has suggested, namely that the subject should be referred to a committee at the next session of the house, is a good one.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are disappointed that circumstances have made it difficult if not impossible for the minister to proceed with the bill at this time. We know that Canadians generally abhor cruelty and inhumane actions in the slaughter of animals. I am sure the people of Canada are sympathetic to the principle of the bill and desirous that action should be taken.

I appreciate the difficulties the minister has outlined and some of the considerations that must, of course, enter into any such measure, particularly with reference to conformity to religious ritual. We do not think there should be any undue consideration of the monetary cost of installing whatever equipment is necessary for the humane slaughter of animals. We would certainly resist any pressure that might be applied on this ground. We are pleased that the minister has not dropped the bill permanently but will reintroduce the subject at the next session of parliament by referring it to a committee of the house, in the hope that some satisfactory solution may be obtained.

(Translation):

REQUESTS FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I wish to put a question to the Secretary of State (Mr. Courtemanche).

Since the session might well end in two or three weeks—or even possibly today—may I point out that on the 24th of June I had a question placed on the order paper. It was No. 125. Later on, I had another one, No. 163, inserted on the 18th of July. May I ask the Secretary of State if I could obtain an answer today, or if this is not practicable, would he be good enough to approach the minister concerned so that I could have a reply by return mail?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I take due note of the question put by the hon. member for Dollard.

(Text):

TRADE

URANIUM—ACTION TO EXPEDITE SIGNING OF BILATERAL AGREEMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Trade and Commerce this question. What steps is the government taking, in the light of the highly competitive uranium market, to expedite the signing of bilateral agreements which are an essential prerequisite before we can develop markets for Canadian uranium?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, we are fully aware of the competition respecting uranium throughout the world, and we want to maintain ourselves in a satisfactory position because of the supplies of uranium we have in Canada. We have every intention of pursuing very actively the negotiation and signing of bilateral agreements where that is possible.

Mr. Pearson: May I ask a supplementary question. Will the minister comment on reports that negotiations are now going on between Japan and South Africa for the purchase of a sizeable amount of uranium oxide, and on reports that the U.S.S.R. has now offered to sell uranium on the open market?

Mr. Churchill: I have no comment which would be helpful at this moment. We are quite aware of the fact that South Africa has substantial supplies of uranium, and the Leader of the Opposition has simply drawn attention to the competitive nature of the marketing of uranium throughout the world. We are fully aware of that, and intend to maintain our position if at all possible.

IMMIGRATION

APPLICATION BY SONS OF FREEDOM TO EMIGRATE TO RUSSIA

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Justice. In view of the fact that this session of the house is now coming to a close and also in view of the importance of the Doukhobor question in British Columbia, is the Minister of Justice able to make a progress report on the situation? Can he tell the house what is now taking place and whether or not he has yet received any official communication from the Soviet embassy relative to the acceptance by that country of the Doukhobors, almost 3,000 of whom, I understand, have now agreed to leave Canada under the financial agreement announced some time ago by the Minister of Justice?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I shall deal with the last part of the question first. I can say that we have received no direct communication from the Russian embassy or from any individual Doukhobor or representative group of Doukhobors, including the sons of freedom sect, on the subject of negotiations with the Russian government. I believe it is a matter of public knowledge—if it is not I can confirm it now—that a small group of the Doukhobor leaders did visit Ottawa recently and apparently paid a visit to the Soviet embassy. They did not contact or attempt to contact myself or any representative of the federal government.

I have received no report directly on the results of that visit but I have had a report from the attorney general of British Columbia within the last few days that a delegation waited on him after the visit to the Soviet embassy and reported to him that they had been given a very friendly reception there, although he did not receive any report as to any conclusive results of that visit. The attorney general tells me that he is informed—I think this has been stated in the press—that the Doukhobors feel very definitely that a considerable number will be returning to Russia and that there will be agreement with the Soviet authorities to receive them, but we have no direct information on that point.

EXTERNAL AFFAIRS

REPORTED SALE OF MILITARY AIRCRAFT TO U.S. FIRM

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, yesterday the Leader of the Opposition directed a question to the Prime Minister concerning the export of used fighter aircraft to United States purchasers and in his answer the Prime Minister said, among other things, that he would give a detailed answer today. In view of that fact and in view of further press comment on the subject this morning, I wonder whether the Prime Minister or some minister of the government is able to give us the precise details on this subject.

Hon. G. R. Pearkes (Minister of National Defence): These aircraft, Mr. Speaker, were declared surplus two years ago, and they have been advertised for sale. At last a purchaser has been found. These aircraft have been

moved from Alberta to the United States. There is no secrecy as to the destination, and they will be sold, I am informed, only to citizens of the United States. The Department of National Defence has no further requirement for this type of aircraft.

Mr. McIlraith: I wonder if I might be permitted a supplementary question, Mr. Speaker. My concern is not with the fact that the department declared them surplus; my concern has to do with the dangers inherent in an improper ultimate use of the aircraft. Would the minister go a little further than he has gone, and tell us whether or not export permits were granted, and whether when they were granted there was consideration by cabinet, or a committee of it, of the implications of this sale before permits were granted; whether or not an order in council was passed, and if so would he table it, and what steps have been taken by the government to ensure that there is no re-export from the United States, bearing in mind the fear I expressed earlier.

Mr. Pearkes: The sale was made through the Crown Assets Disposal Corporation. I understand that no export permits are required for that type of equipment going to the United States.

Mr. Pickersgill: What about the order in council? The minister did not say anything about that.

Mr. Pearkes: No order in council is necessary for such a sale.

Mr. Pearson: Was any action taken to ensure that these planes would not be exported to an undesirable destination?

Mr. Pearkes: I am informed that these aircraft will not be sold to anyone but a citizen of the United States.

Mr. Pearson: May I ask who informed the minister of this?

Mr. Pearkes: One of the officials of my department.

INQUIRY FOR RETURN

FEDERAL LIQUOR EXPENDITURES

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question I should like to direct to the Secretary of State. On September 3 a question of mine was passed as an order for return, and I wonder if the Secretary of State could indicate whether or not it will be possible to answer that question before this session ends?

Hon. Henri Courtemanche (Secretary of State): I shall be able to table this answer today.

[Mr. Pearkes.]

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—REPLY TO REQUEST FOR INCREASED GRANT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister if a reply has yet been sent to the telegram from the premier of Newfoundland transmitting the text of the resolution adopted unanimously by the house of assembly two days ago, and which was moved by the premier and seconded by the leader of the opposition.

Right Hon. J. G. Diefenbaker (Prime Minister): The answer, Mr. Speaker, is that a reply has not yet been sent. I had hoped that it would be, but it has not because of the rush of events in the last two days. As the decision had been made that there would be no further legislation introduced at this session and no additional estimates following the estimates that are now before the house, the answer will be obvious.

Mr. Pickersgill: I take it, then, what the Prime Minister is saying is that the government does not intend to comply with the request?

Mr. Speaker: I think this is a matter that necessarily comes up in consideration of the estimates.

Mr. Pickersgill: You are quite right, sir, and I thank you.

SUPPLY

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

DEPARTMENT OF FINANCE

550. Departmental administration—further amount required, $20,775.

Mr. Pickersgill: I want to draw the minister's attention to the text of the communique issued at the conclusion of the federal-provincial conference on November 26, and particularly to the last two paragraphs in that communique, which read as follows:

> Possible changes in the tax-sharing arrangements act were discussed but it was understood that no endeavour would be made to reach conclusions on this matter prior to further consideration of the subject by the dominion government in the light of the public statements made by the provincial representatives in open sessions and the discussions which took place in committee.
>
> All delegations wish to express their pleasure at the opportunity which the conference afforded to put their views before the others who were present. It was agreed that a subsequent meeting be held as soon as possible in the new year in accordance with the proposal made by the dominion government in calling this conference.

Well, as I look at the calendar on the table I find that this is September 6. This conference has neither met nor have we been able, despite repeated requests throughout the session, to get any indication as to when the conference might be called or indeed if the conference will be called at all. All hon. members are aware of the fact that one Saturday morning in January last the minister came into the house and read the text of a telegram he had sent to the premiers of the ten provinces indicating that the federal government in its wisdom, as a unilateral act, was going to make a change in the tax-sharing arrangement to increase the base on which the share of the income tax of the provinces was calculated from 10 per cent to 13 per cent. We all remember that the minister had some difficulty with his arithmetic, and he spent most of the next week correcting it, but that is a minor matter.

The major matter is that the preceding parliament had passed an act, valid for one year only, an act which applies to the fiscal year in which we are now, and an act which will expire not long after the opening of the next session if it comes, as the Prime Minister in his prognostication suggested it would, some time in January.

I said this in the budget debate, and I would remind the minister that no reply was given at that time. I said I felt that it was a deliberate design of the government to have it happen this way, so that next January the provinces would be faced with another take it or leave it, unilateral proposition. That appears to be what is in contemplation.

There is, of course, an alternative which would be even less acceptable, I should think, to the provincial governments, namely that the government should just allow the legislation to lapse and go back to the previous arrangement. It may be that, in view of the staggering proportions of the minister's deficit, that is his secret intention. However, I am not seeking to speak the minister's mind; I am only seeking to speak my own.

It seems to me that this is a strange way to proceed, that it is a strange way to treat the provinces after this undertaking that the conference would be convened as early as possible, or as soon as possible in the new year. I know if that communique had been issued by the present Prime Minister's predecessor or by the predecessor of the Minister of Finance that conference would have been held long ago. The plain meaning of those words was that it would be early in the new year and I could look up statements in the proceedings which would confirm that impression. But for some reason or another, despite what all the provincial governments undoubtedly believed was an undertaking that this conference would be held, there has been no conference and no hint of a conference from the federal government.

We have had, of course, several statements attributed to the premier of Ontario that the conference would be held at this date or at that date, but it seems evident that the premier of Ontario is perhaps not as much in the confidence of the present administration as he may have been when this conference was held a year ago, or as he may have been even as late as January, or as his officials may have been at that time. But what we know, and all we know—because we have been kept completely in the dark about this matter and there are very few places where it is possible under the rules to debate it, and this happens to be one of them—about this extremely important matter is what we have read. The minister from Newfoundland had this to say on May 4, 1947, as reported in the St. John's *News*. I just happened to have his comment here; I could just as well have quoted any other minister.

Mr. Browne (St. John's West): Did the hon. member say 1947?

Mr. Pickersgill: I should have said 1957; I thank the hon. gentleman for the correction. This statement is in direct quotation marks. It was a statement made by the hon. gentleman at St. Stephen, New Brunswick. No, I am mistaken; it was a statement made by the Prime Minister at St. Stephen, New Brunswick. The hon. member for St. John's West was asked for a comment, and this is what he said:

> —our party if returned to power will give the Atlantic provinces and the municipalities a better deal than they have now.

So far as the Atlantic provinces are concerned the minister's party has carried out that undertaking, and I have always given them credit for that fact. But what I am drawing attention to is the statement of the Prime Minister and what the minister said. The minister went on to say this, and I may say that I just picked this report up; I happened to have it here, but I could find this same statement from half a dozen other ministers, including the Minister of Finance. The minister went on to say:

> "The federal government during the past eight years has been in a position where the revenue collected by them leaves no room for the provinces or the municipalities to finance the improvements and maintenance of necessary public services.
>
> "They will continue to suffer from shortage of schools, electrification and good roads—

And these are the words I wish to emphasize.

—unless there is a redistribution of the taxation powers. This our party hopes to bring about.

That was the policy. It was the policy enunciated by Mr. Drew when he was the hon. gentleman's leader, when he sat over here on this side of the house in another parliament. It was the policy enunciated by the present Prime Minister. It was the policy repeated ad nauseam by the Minister of Finance when he sat over here on this side of the house. I refer to the policy that there was to be a redistribution of these tax sources. Where is it? When is it going to happen, or what is going to happen?

I do not think anybody believes that this particular feature of Tory policy is ever going to be translated into action. When the minister made that confession last January that he had to follow Mr. Harris's policy and that all that he could do was pay a small dividend on Mr. Harris's policy, I believe that was the real and practical turning point.

I must say that I commend the government for their wisdom and good sense in adopting Mr. Harris's policy, because it was a sound policy and theirs was never a sound policy, but the fact is that they only did it in this unilateral fashion. They only did it for one year. No provincial government now knows, nor does this parliament, what is going to happen at the end of the year. Before very long I think the minister should come clean and tell us what the policy of the federal government is with respect to this tax-sharing problem, and particularly with respect to the statute which is going to expire this year.

Mr. Fleming (Eglinton): The house has been given from time to time all the information that is available on this subject. The important measures that were passed by parliament last January for fiscal assistance to the provinces have been an important contribution to strengthening the fiscal position of the provinces and the municipalities during this year. The Atlantic adjustment grants providing $100 million payable at the rate of $25 million per annum over the next four years commenced on April 1. Each of the four Atlantic provinces is receiving benefits from that source, New Brunswick, Nova Scotia and Newfoundland at the rate of $7½ million per annum and Prince Edward Island at the rate of $2½ million per annum.

The other measure of fiscal aid to the province approved by parliament in January on the motion of the government was the increase from 10 per cent to 13 per cent in the provincial share of the yield from the personal income tax. That has been of assistance to all of the provinces. That is the position. The provision for the increase to the provinces from 10 per cent to 13 per cent in the yield from the personal income tax was provided by parliament for one year.

The reasons for inability to reconvene the dominion-provincial conference at the beginning of the year were stated at that time and were discussed fully in this house. I am sure there is no advantage in repeating now what was said then. The government is well aware that the provision by way of increase from 10 per cent to 13 per cent applies only to the present year. Whatever measures are proposed by the government in relation to calling a conference on this subject of fiscal relations between the dominion and the provinces will be announced in due course. I have nothing I can usefully add on that subject today.

The hon. member has spoken of the budget. I think I should recall in that respect that the budget deficit estimated when I spoke in the budget debate on June 17 was $648 million. In the discussion of amendments to the Excise Tax Act, when we increased exemptions from the sales tax on fuel oil when used in logging, lumbering and mining operations involving further decreases in taxation of an estimated $2 million, I stated at that time that they would increase the deficit by that amount to $650 million. The sums included in the further supplementary estimates which have been tabled, which have been discussed in part and which will be further discussed today, involve further increases in expenditures. My estimate at this time of the deficit in the light of these increased commitments, is of the order of $700 million.

Mr. Pickersgill: I have one or two questions. Of course the minister did not answer the most important question I asked, and I repeat it. Is it the intention of the government to allow this legislation to lapse without putting anything in its place, or is it the intention to continue the 13 per cent? That is not an academic question. We are in the month of September and every provincial government, like the federal government, has to have some basis upon which to plan its finances. I should think after the 15 months or so during which the minister has been in office he would realize that for a provincial government that is an increasingly difficult problem; and to leave the provinces in doubt as to whether this additional 3 per cent is going to be continued or whether something is going to be put in its place does not seem to me the fair way of dealing with the provinces, by agreement, about which we used to hear so much when we were on the other side of the house and the hon. gentleman was over here.

This 3 per cent was given not after consultation with the provinces, but it was simply a decision of the federal government, a decision they made and which they could unmake. I should not say unmake because they made it for only one year, but if it is not made again the provinces go back to the 10 per cent. I think surely that, at least, should be cleared up, and surely the minister could tell us whether it is the intention, before new legislation is introduced, to have a conference.

Mr. Fleming (Eglinton): I have dealt with that question. I said that when it is appropriate for the announcement to be made it will be made. I have indicated that these considerations as to the position of the provinces are in the mind of the government. We showed that in January, when in the face of urgent requests from the provinces we moved to ask parliament to increase the fiscal payments to the provinces without waiting for the time when it would be possible to reconvene the conference. We have not overlooked and do not intend to overlook the need which the provinces will have to know what they are going to receive in the next fiscal year so the provincial treasurers may plan their budgets accordingly.

Mr. Pickersgill: What the minister is saying is that in his own good time and out of his own superior wisdom he will condescendingly let the provincial treasuries know whether he is going to give them anything and, if so, what it is going to be; and that in the meantime this House of Commons, from which he is craving supply at this moment, has no right to know anything about it.

Mr. Fleming (Eglinton): That is not what the minister said at all. That is not the spirit in which the minister spoke at all. The minister I think indicated an understanding attitude toward the problem.

Mr. Pickersgill: I will leave it at that.

Mr. Pearson: This further item of departmental administration makes it possible for me to return to a matter which I raised the other day in connection with the conversion loan. I shall do so very briefly in order to make sure that the record is straight and that there is no misunderstanding concerning the matter.

The other day I asked the minister a question. I did not make a statement, I asked him a question as to what were the additional interest charges the taxpayers will have to pay, and I went on to mention charges which had been estimated to be as high as $100 million per year for the next 25 years. Then in order to make it quite clear that this was an estimate made by someone else I said that, of course, the amount would depend on how successful the operation will be. We learned last Tuesday, that $5 billion had been reconverted and most of it, I suppose, would be into the 25-year bonds.

During the luncheon recess on the day of that debate the minister got his own figures from the Bank of Canada. He brought them into committee in the afternoon. On the basis of those figures he challenged my mathematics. I must say I thought he was brave in bringing up our comparable ability at mathematics. Mine is certainly not great, as he indicated, but his own record speaks for itself. He and his supporters got a good deal of pleasure from the discrepancy between the figure I reported as having been estimated by a certain source at $100 million and his Bank of Canada figure of $49 million. I do not begrudge the minister his moment if not of truth, at least of amusement over this comparison, but I have had an opportunity to look into the matter a little further and I think it should now be cleared up.

If the figure of $6.4 billion is taken—that is the objective of the loan and it is undoubtedly on that basis that the estimate I gave to the minister was made—and if the calculation is made on the basis of the success of the loan and the conversion into 25-year bonds where the interest rate is 1½ per cent greater, the amount—and I am sure the minister's mathematics will agree with mine here—of extra interest charged to the taxpayer will be $96 million. So this particular estimate made on that basis of calculation was $4 million out; it should be $96 million instead of $100 million.

The minister gave his figure of $49 million, but he did not explain it or justify it. I suppose he explained it to this extent; he said that the amount was based on the $5 billion converted to date, which is a very different basis of calculation from the one taken in the calculation I gave. He gave the impression that our calculations were made on the same basis, which was not valid.

Assuming that all the bonds in the amount mentioned by the minister, that is to say $5 billion, have been converted—all of them—into 25-year bonds, the additional interest charge which would have to be paid on the basis of calculation he used would be $75 million. That is, assuming there was a 100 per cent conversion from the victory bonds to the 25-year bonds in the amount of $5 billion, the additional annual interest charge would be $75 million and not $49 million. Therefore if the minister's figure, given to him as he states by the Bank of Canada, of $49 million is accurate, then the government

has failed to reach its major objective, which was to convert the old bonds into the new 25-year bonds, by that amount.

The difference, therefore, was not due to any error in arithmetic on my part but to the calculation which the minister made on a basis which brings about a figure of $49 million only. But this does have serious implications because I suggest it means that not as high a proportion of these bonds in the $5 billion total is being converted to the 25-year bonds as is desirable.

Before I sit down I would like to ask the minister another question on this point. Is he in a position to say whether the new conversion bonds will be supported at par, or will their value be allowed to fluctuate and find its own level on the market? That, as the committee knows, is an important question which is of great interest to bondholders and also to this committee, because the answer the minister gives will throw some light upon the monetary policies which will be applied in our country in the future, and in the very near future, when some monetary questions will have to be decided.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has approached his excursions into the field of arithmetic on the assumption that the conversion is going to be complete and that it is all going to be put into the 4½ per cent bonds. There are four issues offered to all holders of victory bonds, and the rate of interest vary on all. Those who choose the 3-year 3 per cent bonds will receive exactly the same interest as they have been receiving. There will be no interest increase on them whatever. On the seven-year 3¾ per cent bond the increase is only three-quarters of one per cent over the rate on the victory bond. On the fourteen-year bond the increase is 1¼ per cent. It is only on the 25-year bond that the increase is 1½ per cent.

I shall be very glad to give the committee in round figures the results of the conversion to date. These, of course, are not absolute figures, but they will be sufficient to guide the hon. gentleman and enable him, I think, to correct his miscalculation of the interest rates. Of the $5 billion subscribed the following are the approximate amounts subscribed in each of the four categories: for the three-year bond, $1 billion; for the seven-year bond, $1 billion; for the 14-year bond, $1.2 billion and for the 25-year bond, $1.8 billion. These are the round figures, and they make up the $5 billion aggregate subscription to Wednesday of this week.

At no time did I say that most of the subscriptions were going into 4½ per cent bonds. What I said was that more were going into the 4½ per cent bonds than into any of the other three categories. I did say it was the hope of the government that as many as possible should go into the 25-year bonds because that has the effect of postponing maturity and enabling succeeding ministers of finance to have that much firmer degree of control for debt management. So I think the hon. gentleman can without too much difficulty reconcile the figures which I gave on Monday with a revision of his own calculation.

As to the second question he raised, I do not propose to go into detail, nor do I propose to attempt to prophesy all the steps which may be taken in the future, either the near future or the distant future, in the matter of giving through the normal operations of the Bank of Canada general or limited support to the bond market on Canadian issues, whether conversion or other loans. As the hon. gentleman is aware, this is a bond of the same nature as other outstanding issues with the exception of Canada savings bonds. The Canada savings bond has a redeemable feature. It is redeemable on demand at any time at the option of the holder for 100 cents on the dollar simply by presenting it at any chartered bank.

That feature has not, of course, been attached to this bond. These are bonds of an ordinary nature, not savings bonds, and their value will depend in the days to come on the strength of the credit of the government of Canada as well as on the terms of the bonds themselves. This will establish the intrinsic value of these bonds subject to such fluctuations as do occur from time to time. However, we think we have by this major operation gone a long way toward bringing about stability in the market for Canadian bonds.

Mr. Pearson: I thank the minister for the information he has given but I certainly intend to correct the statement, which he repeated, that my figure was a miscalculation. It was no miscalculation at all. Why do I have to read again what I said? I said: "I want to ask the minister what are the additional interest charges the taxpayers will have to pay, which have been estimated to be as high as $100 million." That estimate has appeared in the press and that is where I read it; in a reputable journal too, and it was not the Winnipeg *Free Press*.

Then I went on to say, being particularly cautious, that the final figure would depend, of course, on the amount of bonds converted and into what maturity they were converted. Then the minister came back with his figure of $49 million without any explanation at all. He has given us his explanation this morning, and it is an important explanation.

Indeed, it does explain where he gets his figure of $49 million. The figure of $100 million was obviously based on the assumption that the operation would be completely successful and that the conversion would be entirely into the 25-year bonds.

I am sure it was the desire of the government to get as high a proportion of this conversion into the long term bonds as possible. I am sure that was the desire in order to make it easier for future financing. What we have learned this morning is of importance; that of the $5 billion converted, $1.8 billion has gone into the 25-year bonds and smaller amounts into the earlier maturities. Therefore, the calculation made on that basis does come to this figure of $49 million. To that extent it is true that the burden on the taxpayer will be easier. But to that extent also the operation has not been as successful, I assume, as the government would have liked it to be. However, there is still another week to go, and perhaps there will be more 25-year bonds taken out.

Mr. Fleming (Eglinton): We think this has been highly successful. We did not think for one minute that every holder of victory bonds would convert into the 25-year maturity. For instance, bonds in the case of many institutions are not normally purchased for periods of 25 years; they usually operate in the shorter term market. We think the response, with 36 per cent of the conversions in terms of the amount up to Wednesday of this week going into the 25-year bond, is a highly satisfactory result. There should not be any impression, therefore, that there has been a lack of success or any disappointment over the results. The results in all respects have been most highly successful.

I shall simply make this further observation with regard to interest yield. There has been a great deal of loose talk, and some of it in this house, about an increase in interest rates of 1½ per cent. From the figures I have given the committee it will be quite clear that as of the close of the market on Wednesday of this week the net increase in interest on the aggregate of conversions, far from being 1½ per cent has been a fraction under one per cent.

Mr. Carter: Before this item carries I want to refer the minister to a question which I placed on the order paper on July 1, question No. 143. This question was in two parts. Part 1 reads as follows:

How many loans have been granted to persons, companies or firms in Newfoundland by the industrial development bank in each year since 1950?

Part 2 reads:

What is the amount of each loan?

On August 18 as reported in *Hansard* on page 3754, the minister gave the following answer:

1. 1950, 1; 1951, 1; 1952, 1; 1953, nil; 1954, 1; 1955, 1; 1956, 1; 1957, 2; 1958, 2.

2. It is not in the public interest to disclose this information, which is a matter of customer and bank relationship.

Just because the minister makes that statement it does not automatically follow that he is right, because I do not think the minister is any less fallible than the rest of us.

It would certainly be in the public interest to know the amount of loans made by this bank in any fiscal year or in any calendar year. If it is correct that there was only one loan in each of six years in the nine-year period, that might perhaps justify what the minister said, though I would point out to him that we were not asking who got the loans and we had no interest in knowing who the customers were, but rather we wanted to know only the amounts of the loans. I do not think the minister could claim it would not be in the public interest to tell the committee what was the total amount of the loans granted in that nine-year period, and I ask him to give that information to the committee at this time.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend may not appreciate that the industrial development bank is not an adjunct of the Department of Finance at all. The industrial development bank is a subsidiary of the Bank of Canada. It operates as an independent institution. I have no control over the industrial development bank. Some hon. members speak and act as though I had. I wish to make it clear that the industrial development bank is a subsidiary of the Bank of Canada and is responsible to the Bank of Canada. The Bank of Canada has a separate, independent status created by a statute of this parliament. The industrial development bank, it is true, reports from time to time as to the extent of its lending operations. Those reports appear publicly from time to time.

As to its operations in Newfoundland or in any other province, I believe that information may be available from the bank sources; but if it is, it is available to my hon. friend just as much as it is to me, because of the fact the bank operates independently of the government and independently of the Department of Finance.

When this question was asked, appearing as question No. 143 of this session, I take it the bank had a very good reason for not giving the amount, because it would have tagged each individual loan. It is not as though there had been a large number of

loans so that the answer to the second question would not have disclosed the affairs of each particular individual borrower. I think my hon. friend will appreciate that it is not quite fair to expect a bank which operates in this independent way to disclose its individual operations and transactions with its customers. It makes its reports to the Bank of Canada and gives general disclosure of its operations, but not of any individual transaction.

Mr. Carter: As I understand it the Bank of Canada is an instrument of federal government fiscal policy—

Mr. Fleming (Eglinton): No, no. I wish to correct my hon. friend on that, Mr. Chairman. The Bank of Canada has an independent status under legislation enacted by this parliament, and it has powers that are conferred upon it directly by parliament.

Mr. Carter: Is the government going to make the amendment promised by the Minister of Justice during the last campaign?

Mr. Fleming (Eglinton): To what amendment does my hon. friend refer?

Mr. Carter: An amendment to the Bank of Canada Act. I believe the industrial development bank could play a much more useful role than it is playing at the present time. At present all it can do is lend money to individuals for capital industrial investment. That is not the great need at this time, particularly in Newfoundland. Whether or not the industrial development bank is a subsidiary of the Bank of Canada, it has been set up to give the public a service which they cannot get from the regular chartered banks. If it is not doing that there is no justification for its existence.

At the present time I fail to see that it is doing very much more than the ordinary commercial banks are doing and in so far as Newfoundland is concerned, as the record of that question shows, it has been of very little use at all. What we want to achieve is better use of this bank, and we want to enable it to function in a way that will be of greater benefit particularly to the smaller business people in Canada.

Mr. Fleming (Eglinton): Mr. Chairman, my hon. friend can complain as he wishes if he thinks the industrial development bank is making loans in fields in which it should be operating, but I would ask him before he makes such criticisms to consult the statute under which this bank operates, because this bank's powers of lending are defined and prescribed strictly by parliament. I am informed that the bank receives many applications that are completely outside the scope of operations in which the bank is permitted by parliament to engage.

The annual report of the industrial development bank for the fiscal year 1957 is available. It shows the classification of provinces in terms of aggregate statistics. It shows that to September 30, 1957—that is to say the close of the bank's fiscal year at September 30 a year ago—the gross authorization on loans, investments and guarantees for Newfoundland was $475,000 less calculations and reductions. The gross authorizations during the fiscal year 1957 amounted to $255,000. The current authorizations at September 30, 1957, were $433,000, and the amount of loans outstanding in Newfoundland at September 30, 1957, was $315,000.

Mr. Carter: I thank the minister, but I know that information is in the report. What the minister said confirms my complaint to the effect that the bank is restricted in its operations by an act of parliament. I believe that act should be opened and broadened so the scope of the bank's operations could be extended, particularly to meet the needs of the small businessmen in Canada.

Mr. Dumas: Mr. Chairman, I shall take only a few minutes of the time of the committee because I know the minister is very anxious to complete his estimates, and I do not blame him for that.

By the end of this month the commonwealth trade and economic conference will have taken place in Montreal; in fact the minister told us it would take place between September 15 and 26. A few days later, on October 6, another very important conference will be held in New Delhi and the Minister of Finance will attend as a representative of Canada in his capacity as Minister of Finance. I know he will have great responsibilities at both conferences. One of the most important items on the agenda at the New Delhi conference will be that of expanding the operations and functions of the international monetary fund and the world bank.

Early in the year we knew something was to be done, but of course we did not know how it was to be accomplished. There were rumours in the spring that perhaps there would be an increase in the price of gold. An interesting article on this subject appeared in the Montreal *Gazette* of Wednesday, June 4, 1958, one paragraph of which I wish to cite:

> The possibility that the United States might so act—

—to increase the price of gold. I continue:

> —was widely rumoured last week. Plenty of evidence could be marshalled to support such a

move. The most persuasive is the threat of a squeeze on international short term credit if the American recession deepens.

Of course this threat has materialized. I continue:

"The simple reason for the thoroughly undesirable squeeze on liquidity is that since pre-war days, the dollar price of many commodities entering into international trade has trebled while the dollar price of gold has stood still "says *The Economist*, London.

That is an extract from an article which appeared in *The Economist* of London. Now, Mr. Chairman, we were informed in a statement by the Prime Minister in the house on July 25 that he favoured increasing the quotas of the international monetary fund and the international bank. In a very clear statement the Prime Minister outlined what he thought should be done. Of course this was not new because earlier in the month, on the occasion of the visit of the Prime Minister of the United Kingdom, Mr. Macmillan, this was mentioned. On June 13 the Ottawa *Journal* had the following report of a press conference with Mr. Macmillan:

Mr. Macmillan said a commonwealth development bank "to mobilize the potential savings of the commonwealth and to direct investment" would be discussed at the Montreal conference. Commonwealth free trade and the bank were "only my hopes and dreams".

Prime Minister Macmillan addressed members of the house and the Senate in this chamber on June 13, and on June 14 the following report appeared in the *Financial Post*:

Macmillan's Ottawa talks concentrate on finances.

1. Action by the international monetary fund to increase, perhaps double, the reserves of the free world.

2. Action by the world bank to bring at least a corresponding increase in the capital available for undeveloped countries.

Again this did not tell us exactly what would happen. We were still hoping there would be an increase in the price of gold. Mr. Macmillan went across the border to visit the United States, and on June 14 the following article appeared in the New York *Times*:

Officials believed Mr. Macmillan's optimism reflected success in "selling" to President Eisenhower and Mr. Dulles his ideas for increasing the "liquidity" of the western world so that the challenge of Soviet exports might be met through increased trade between the western powers and the underdeveloped nations of Africa and Asia.

Following this, in fact on August 27, an article appeared in the *Globe and Mail* containing the following:

Today—

The reference is to July 26.

—Mr. Eisenhower instructed treasury secretary Robert Anderson to back moves at New Delhi to throw more resources behind the fund and bank.

We are told also that this will be done through increasing quotas and increasing the liquidity of the world bank and the monetary fund. However, in the same month an article appeared in the Montreal *Gazette*, part of which reads as follows:

This year the optimists are counting upon decisions reached at the commonwealth trade and economic conference here in mid-September to serve as a lever to pry the gold price into public debate. Once the issue is in the open, they believe, the chances for persuading American acceptance of a higher price are good.

I am not going to read the whole article, but only a few more extracts. In the article there is the following:

There is only one difficulty. However cogent, however strongly put, none of them answer the main American objection to a higher gold price. An increase would inflate American currency. Inflation, admittedly, is already present. But so far the government is still hopeful of keeping it under a measure of control. Deliberate inflation, such as would follow from a higher gold price increase, remains thoroughly undesirable. Moreover, the Americans are already convinced that the advantages of a higher price for gold—with the exception of those applying to the producers—can be pretty well supplied by expanding the functions of the international monetary fund and the world bank.

That is when we learned that this was to be done. I can understand the position of the minister when he goes to the commonwealth trade and economic conference. I can also understand the position of Britain in this matter. It will certainly be difficult to contradict the United States. I can see also why what I am about to read was added to this article:

Further, they would seem to have convinced the Canadian government of that point.

The United States would seem to have convinced the Canadian government that this was not the time for an increase in the price of gold, but that instead the functions of the international monetary fund and the world bank should be expanded by increasing quotas. The article continues:

The proponents of a higher gold price cite finance minister Fleming as their strong hope in pushing it through. Mr. Fleming may have preferred a higher price for gold but if so it hasn't been evident in his public pronouncements. Rather, the indications are that Mr. Fleming, like the Americans, favours the broader use of existing world monetary agencies.

Mr. Fleming (Eglinton): From what paper did my hon. friend read that last quotation?

Mr. Dumas: From the Montreal *Gazette* of August 21. I am not here to blame the minister, because I know pressure is being put on the United Kingdom and Canadian governments not to insist on an increase in the price of gold. Nevertheless I am hoping that the minister will discuss this matter at the commonwealth trade conference with other commonwealth countries. I am sure it can

be discussed. Even if the United States does not like it, it is not their conference but our conference. Therefore I hope the minister will discuss the matter. I am not saying that the minister should go to New Delhi and try to raise that point very strongly, because I think it is understood before he goes there that this question should not be brought up. In the *Northern Miner* of two days ago the following article appeared:

> There can't be any change by Britain in the price of gold so long as it owes money to the international monetary fund. By the same token, it would be impolite to even talk about it.

That is the position the Americans are taking. However, we know that this is a very important question for the commonwealth. After all, we know that an increase in the price of gold would do much good. In the same article in the Montreal *Gazette* about which the minister asked me there is the following:

> There is no question that a higher price for gold would have been a proper step in the pre-war world. But the world has changed. Statesmen must deal with things as they are.

We still think there should be an increase. I do not wish to take any more time of the house, but will conclude by saying that we know that the need for reserves of some kind against the vagaries of international trade and capital movements remains undisputed. Gold therefore continues to be accepted as such a reserve, and is also prized as a means for effecting final settlement between countries. This is very true because we know that the international monetary fund, for example, expresses exchange parities in gold, and also that a portion of the subscription payments to the fund must be in gold or United States dollars and that it is specified that payment must be in United States dollars of the present gold content. The possibility that reserves of gold may now be inadequate has arisen largely because inflation has increased trade values at a rate much greater than the growth of gold reserves.

Were inflation to continue it would sooner or later become inevitable that the very retention of gold for use in international settlements would depend on a rise in the price. In the event that reserves are already inadequate, an increase in the price of gold should render international trade freer, more flexible and larger in volume. A higher gold price need not lead to inflation, owing to the divorce of money from gold. We are not on the gold standard now. This need not be inflationary, either, through its effects on public finance, given prudence in domestic fiscal policy.

[Mr. Dumas.]

Even if the minister has made up his mind not to insist at New Delhi on a rise in the price of gold, I know he is anxious to do it. I know that last fall he must have been very anxious to discuss this matter. I know that the minister, when he was on this side of the house, often blamed previous finance ministers for not having insisted on a rise in the price of gold. When he was saying that he did not know for certain that these ministers had not insisted on an increase in the price of gold. In fact we are sure they did. If the minister says they have not—

Mr. Fleming (Eglinton): I have not seen evidence of it.

Mr. Dumas: —we are told that they did. The minister may have mentioned this subject at the meeting last fall, but if he did nothing came of it. He is going on October 6 to New Delhi, and he will have another chance. As I explained before, we can appreciate that there may be difficulties. However, I still say that this subject should be thoroughly discussed at the forthcoming commonwealth conference. If the minister feels that other finance ministers have not done their duty in regard to the monetary fund, he will have an opportunity to bring that out. When he goes to New Delhi he can ask for an increase in the price of gold, and when he comes back he can tell us that he has attained his objective.

Mr. Fleming (Eglinton): As the hon. gentleman has indicated there have been proposals put forward, both by the Prime Minister of Canada and the Prime Minister of the United Kingdom, in favour of an increase in the capital of the international bank for reconstruction and development, and also in the capital available to the international monetary fund. My hon. friend is aware of the statement that was made within recent days by President Eisenhower and the secretary of the treasury of the United States, Mr. Ralph Anderson.

It is quite clear that this proposal of an increase in the capital of these two important international institutions will be discussed at the meeting at New Delhi which opens on October 6. I hope to be in attendance at the meetings of the boards of governors of both these institutions. While the subjects are bound to be discussed at those annual meetings, it does not necessarily follow that final decisions will be taken at that time. The meetings normally last about five days. It may be that the board of governors will give a general expression of its views in relation to the subject and leave the matter for further discussion and further action at the executive level.

What an increase in the capital of the institutions will mean in terms of a possible increase in the contribution of gold to the fund on the part of contributing members of either institution remains to be seen. That will be determined entirely in relation to the terms that will be established and attached to any increase in the capital, and the form that the increase will take.

My hon. friend referred to some rumour that was current not very long ago that there was to be an increase in the price of gold. All I can say is that I have no information as to the source or grounds of the rumour. I think in general my hon. friend will agree that in the light of the position I have taken in this house over the years, and the things I have said in this house, I am not unaware of the interests of Canada as a gold producer.

Mr. Argue: I have one matter I should like to raise before the item carries. I have a letter from Ralph Loomer, of Falmouth, Nova Scotia, in which he encloses a copy of a letter that was received by the credit unions in Nova Scotia. The credit union letter reads in part as follows:

> Within the last few days many of you have had a visit or some form of communication from your bank advising of a new schedule of rates on all cheques cleared through the banks for credit unions and their centrals, such new schedule to become effective on November 1, 1958.
>
> This new schedule of rates will adversely affect the entire credit union movement across Canada, including the caisses populaires and their federation in the province of Quebec. The greatest effect will be felt by the leagues, central credit unions, co-operative credit societies and credit unions offering a personal chequing service. The organizations that will be most adversely affected will be those central organizations with secondary chequing being cleared through the centrals.
>
> This new schedule sets forth new rates that in some cases present a serious problem for the credit union movement. For us in Nova Scotia the picture looks something like this at the present time.
>
> 1. The clearing fee of 2½ cents per item which we are now paying will be increased to 5 cents per item or just doubled. We expected to clear this year something between 25 and 30 thousand cheques.
>
> 2. The service charge will be 10 cents per item both debit and credit as compared to no service charge at present.

The letter is quite lengthy and I do not intend to read anything further from it. If the minister knows anything about this particular matter now I would appreciate him giving us his opinion. If he has no information I would appreciate him looking into this question to see if the banks will reconsider the position they have taken. I think he will agree with me that the credit union movement of this country is performing a very worth-while service to its membership, and that anything that would add to its financial costs by way of clearing fees to the banks should not be enacted. I would hope the minister would use his good offices to have these charges revert, if possible, to their previous level.

Mr. Fleming (Eglinton): I shall be glad to look into it, Mr. Chairman.

Item agreed to.

553. To provide for the expenses of a royal commission on Newfoundland, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $10,000.

Mr. Pickersgill: I was grateful to His Honour Mr. Speaker for pointing out that I would have an opportunity to pursue the inquiry, though there is not much point in pursuing the inquiry itself, which I made to the Prime Minister this morning about his reply to an appeal made to him by unanimous vote of the house of assembly of Newfoundland, contained in a resolution which was moved by the premier and seconded by the leader of the Prime Minister's own party in Newfoundland and which was transmitted to the government, making a request that the province should be given what is its undoubted right by this parliament this session. I had not much hope the other evening when the Minister of Finance replied to the appeals to the government which were made by all the Liberal members from Newfoundland who were present in Ottawa at that time to accede to this unanimous request of the house of assembly. But the minister did not slam the door tight; that was left for the Prime Minister this morning. Despite this unanimous request; despite the fact that the leader of his own party in the house of assembly in Newfoundland had seconded this motion and that all the Conservative members had supported it, he indicated that no attention was going to be paid to the request.

This is an extremely serious matter. While there is nothing an opposition can do in the circumstances except protest, I certainly do so, and I have no doubt that my friends from Newfoundland on this side of the house will join in that protest. What is this request that the Prime Minister has turned down, and turned down for no valid reason whatsoever? It is a request made as long ago as August 11 in the first instance and made again by the assembly, as I have said, two days ago. It is a request that as an interim payment the amount recommended by the royal commission which was set up to complete the work of union should be paid and paid immediately. Why? Here are the premier's words in his original message of August 11:

> I wish to stress the importance to the welfare of Newfoundland of immediate federal action on an

interim basis. The commission has clearly shown that at least the amounts recommended are urgently needed to enable the provincial government to continue existing services.

That is what we are denying or rather what the government is denying, because I certainly take no part in it and we on this side of the house have shown by our speeches the other night that we take no part in it. May I say that I appreciate the support that was given to the position taken by the Liberal members and by our leader. I refer to the support that was given by the hon. gentlemen in the corner. We have shown that we feel this action should have been taken.

What is it that is being denied or refused? It is money that is urgently needed to continue existing services, not to have any kind of improvement but to continue existing services. I want to be fair about this matter. The Prime Minister said this in his reply to the appeal and the Minister of Finance the other night put it on *Hansard*. I will read it from *Hansard*; I may say that I am reading from page 4623:

> We expect prorogation of parliament within very few days and it is quite impossible to complete full consideration of the royal commission's report in the meantime.

This is the part to which I wish particularly to draw attention.

> Newfoundland is receiving $7,500,000 per annum as its share of the Atlantic adjustment grant and an additional three per cent of the yield from the personal income tax this year, neither of which would have been received by the province of Newfoundland had this government not come into office. These benefits, which incidentally exceed the amounts recommended by the royal commission, should enable you to meet the fiscal conditions described in your telegram pending final decision on recommendations of royal commission.

That is the reply. I do not contest that Newfoundland is receiving the Atlantic provinces grant. I do not contest that Newfoundland, like the other provinces, is getting the extra 3 per cent. But all those other provinces are getting these things to improve their services, to ameliorate their conditions. What does the Prime Minister say to Newfoundland? He says to Newfoundland, "You can take what the other provinces—every one of them richer than Newfoundland—can use for improvements and you must use it to continue your existing services." That is what this government is saying. That is the sympathetic attitude they have taken to the unanimous request of the legislature in which their own party joined.

That is the situation; there is no way whatever of getting around it. This feeble excuse that the government did not have time to consider the recommendations of the report is no excuse whatsoever. Unless the Minister of Finance, the minister from Newfoundland or the Prime Minister is going to tell us that the government is considering cutting down this award, there is no excuse. If they are considering the possibility of cutting it down, then I think they ought to be honest and frank enough to get to their feet and say so. But if they are not considering cutting it down, and if all they are considering is either keeping it as it is or increasing it, there is no ground under the sun for denying the minimum amount recommended by the commission.

No reason was given either by the Prime Minister or the Minister of Finance the other night. I cannot understand why the government should have taken this attitude. Knowing that they would have no debate, knowing that there would be no difficulty about getting this vote through, I cannot conceive of a reason why the government should take the attitude they have taken or why they should not have acceded immediately to this request for what is, after all, the right of the newest province of Canada. I venture to say that if Ontario or Quebec had been asking for their rights, and if the premier and leader of the opposition in the legislature of Ontario had sent a joint appeal to have something done to which they had a right under the British North America Act, there would have been no similar hesitation on the part of the Prime Minister or the Minister of Finance.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I venture to suggest that if the same request had come from the premier of Quebec seconded by the leader of the opposition in that assembly there would have been no hesitation at all, if it was their right, as this is. But because it is Newfoundland this attitude is taken. I am not going to assign reasons; I am not going to impute motives. I will leave the government to explain this matter themselves.

It seems to me that more than from any other member of the government, the one from whom we ought to have that explanation is the minister who represents the province of Newfoundland in the government of Canada. The minister sat silent the other night when we on this side of the house representing the province of Newfoundland made our appeals to the government. I am not criticizing him for that. I recognize the fact that, while the matter was still under consideration, while the government had not reached a final conclusion, the minister under the doctrine of collective responsibility had no other course to follow. I found myself at times in the same position as that in which the minister found himself that evening, and I offer no criticism on that score.

But the decision has now been taken; it has now been announced. The government has said no to Newfoundland. It has said no to the unanimous request of the province. It seems to me that "no" should be explained, that we should know why this reasonable request has not been met. That is the more true, Mr. Chairman, when one thinks of the fact that the Prime Minister himself clearly recognized what the situation was at the time of the provincial conference last November. At that conference the premiers of Nova Scotia and New Brunswick both suggested that Newfoundland should not participate in the proposed Atlantic provinces grant because Newfoundland's case was a separate and different one.

The Chairman: Order. It being one o'clock I do now leave the chair.

Mr. Pearson: We would be prepared to continue.

Mr. Fleming (Eglinton): Would the committee give unanimous consent to continue this sitting after one o'clock?

Some hon. Members: Agreed.

The Chairman: Is it the pleasure of the committee that the sitting continue after one o'clock?

Some hon. Members: Agreed.

Mr. Pickersgill: I would suggest to the minister that he try to exercise a little of his influence on some of his supporters who do not seem to understand what an important question is now before the committee, particularly when we are sitting at an hour not prescribed by the house.

As I was saying, Mr. Chairman, this position was recognized clearly and explicitly by the Prime Minister at the federal-provincial conference last November. At that time the premiers of Nova Scotia and New Brunswick said or implied—in fact I think there is no doubt, but I do not want to be unfair to them and I do not want to waste time in reading that part of the record so I say "said or implied"—that Newfoundland should not participate in the Atlantic provinces grant because the Newfoundland situation was being considered by a royal commission. This is what the premier of Newfoundland had to say in reply to this contention, as reported at page 100 of the proceedings:

Yesterday Premier Stanfield in his magnificent speech, and Premier Flemming in his magnificent speech, each had a paragraph of identical meaning referring to Newfoundland. You, Mr. Prime Minister, referred specifically to Newfoundland but in other terms, I am happy to say.

I got the impression from these two friends of mine that they are under the impression that so far as this conference is concerned Newfoundland might as well not be here, that our case is being taken care of by the royal commission. That is not so.

No matter what the royal commission recommends, no matter if they recommend the full amount we have asked for and if you and your colleagues recommend that amount to parliament and parliament passes it, all it will do will be to enable us, to enable the government of Newfoundland, to continue—

And I emphasize this once again.

—to continue the present levels and standards of our public services which are a quarter of a century behind the maritimes. That is all it can do at the most.

That is why I noted so carefully your words yesterday—

This is addressed to the Prime Minister.

—when you did not by any manner of means suggest that Newfoundland had no place in this conference today and yesterday. I thank you and Newfoundland thanks you for that.

Later on, as recorded lower down the page, he had a further comment—I am going to read as little as possible in order to take as little of the time of the committee as possible—to the effect that as the result of certain things into which I will not go at the moment, Newfoundland was left behind in the North American progress, and then the premier went on to say the following:

We ask the Canadian government this simple question: Do you really think, does Canada think, does the parliament of Canada really think, does the Prime Minister think, that Canada has done its duty to the new province when it implements the recommendations of the royal commission which will enable it to maintain our present levels and standards?

Is that all? Are we not to be invited to future fiscal conferences? Does that settle Newfoundland's case, just the implementing of the report of the royal commission? Are we not part of this fiscal conference when the Prime Minister said yesterday that he will recommend to parliament some additional and special consideration for the Atlantic provinces? In adopting the new term "Atlantic provinces" did he not include Newfoundland? I am sure he did. Was that not something separate and apart altogether from the royal commission? Surely the recommendations of the royal commission have nothing to do with this fiscal conference, nothing whatever.

The Prime Minister replied, as recorded at page 101, as chairman of the conference in the following words:

I will say no more at this time, but I would point out to the premier of Newfoundland that when I used the expression "the Atlantic Provinces" I anticipated what his views would be in regard to the use of that expression.

I think that clearly indicates that the Prime Minister at that time understood quite clearly that the Atlantic provinces grants were intended to be available to Newfoundland in the same way and for the same purpose as they are available to the three maritime provinces; that is, to make improvements in their services and not merely to continue the

existing situation; and that there is no connection, and should be no connection whatsoever, between the two subjects.

Then we had the telegram to the premier of Newfoundland on August 26 saying, in effect: "You got these Atlantic provinces grants which you would not have got if we had not been in office, but you cannot use them like the other Canadians can use them. You have to use them for existing services because we are not going to give you what you have a right to have," that is to say the award of this royal commission. That is what the Prime Minister is saying. He is saying, "You are a second class province; you are not entitled to your rights". That is what it is, and let there be no mistake about it whatsoever.

I am the more surprised that this decision should have been announced in the final way in which it was announced this morning, because I have looked over some of the things said in the past by the minister from Newfoundland when he sat on this side of the house. On April 23, 1951, as will be found at page 2306 of *Hansard*, there is one sentence which I would like to read from a long speech by the minister which in large part supports this particular sentence. He referred to term 29, and having quoted it he said:

> That section gave a term of eight years within which this royal commission should be appointed. But it has been my opinion from the beginning that the financial terms have been inadequate.

The minister went on to point out that the previous government should do something about this at a time when they were supposed to be derelict in their duty in not doing it, and that is the position—I am sure he will correct me if I am wrong—which he consistently took during that parliament and which was taken also by his associate the late Gordon Higgins, who also spoke eloquently on this subject in the house. Thereafter the minister became a candidate for parliament and in 1957 was successful in being re-elected. He became a member of the government, and the representative of the province of Newfoundland in the government.

I could quote many other citations similar to this one but on May 1, 1957, the St. John's *Telegram* quotes the minister to the following effect:

> If elected, Mr. Browne said, he would "fight personally to see that we get better terms from Ottawa (under terms of union which come up for revision this year) and to convince our party of the justice of our case". He wants to fight personally because Newfoundland's "financial future depends on how parliament treats the report of the royal commission at the next session."

That was in 1957; that was what the minister said, and it is perhaps more than anything else why he got elected. If I remember rightly both newspapers in St. John's supported the hon. gentleman because they felt that Newfoundland needed advocates of its cause on both sides of this house. Perhaps I would not have agreed with their support of the hon. gentleman, but I agree that we do need advocates for Newfoundland on both sides of the house, and I am anxious to hear what that hon. gentleman is advocating for Newfoundland, because we have not had any evidence of that as yet.

It is not as though the minister said this before the election and then said something else afterwards, because on June 11, 1957—a day that many of us will remember, particularly on this side and perhaps on the other side of the house too, for a long time to come—the minister made a statement about his election and, again to quote from the St. John's *Telegram,* he is reported as follows:

> Personally he was extremely happy that through its representation in parliament, Newfoundland's interests will be protected especially in the matter of the financial compensation that we should receive and expect from the federal government.

This, therefore, is not a new matter for the hon. gentleman and I think we should be told by him why it is, and with what justification, that this course has been taken, at least with his tacit approval however much he may have fought against it in the cabinet. He has to share the collective responsibility for this slap in the face to the whole house of assembly and the whole province of Newfoundland which he and I were both elected to represent. I also think he should tell us what he is going to do about getting that consideration which was promised by the Prime Minister in reply to the question of the Leader of the Opposition on August 15, and which in large part, despite other preoccupations, could have been given between July 10 and September 6, the approximate two months during which the government had this report in its possession.

I do not rest my case there because I am willing, as I say, to give the government a year or even two years to consider the report if this interim payment is made, if the basic amount is paid, but what we do protest against is this pointblank, blunt refusal to accede to the request, the well merited request, made by the premier and the leader of the opposition of Newfoundland for what is the right of the government and people of that province.

Mr. Carter: I would be failing in my duty to my constituents and my province if I did not add my voice to the protest which has been raised by the hon. member for Bonavista-Twillingate, and I want to protest all the more vigorously because neither the

Prime Minister nor the Minister of Finance nor any spokesman for the government has given one single reason why this interim payment should not be made.

I want to put on record seven reasons why interim payments should be made. My first reason is that these payments have been recommended by a royal commission after a very thorough study of the economic circumstances and the needs of Newfoundland. My second reason is that this assistance is one of Newfoundland's rights, emanating as it does from term 29 of the terms of union, and was recommended as such by the commission. In the third place, Newfoundland has not received any payment which has not also been granted to other Atlantic provinces. Not a single cent has gone to Newfoundland which has not also gone to the others. However, refusal of this grant prevents Newfoundland from making full use of grants in the way the other provinces are able to make use of them.

My fourth reason is that the grants are long overdue. They are overdue by more than a year. My fifth reason is that the grants have been requested by an unanimous resolution of both parties in the Newfoundland legislature, the government as well as the Conservative opposition. That request has been made in the full knowledge of Newfoundland's needs and of the urgency of the situation, which was sufficiently great to put this matter beyond the ordinary lines of party division.

My sixth reason is that the government has itself appealed to the provincial governments to do everything possible to work out a program of public works in order to provide more employment during the winter months. The government of Newfoundland has complied with that request and developed a program of works which would create employment, particularly during the winter months, but now by its action the federal government has nullified those efforts on the part of the provincial government to comply with this government's own request.

My seventh reason is that Newfoundland is faced with the prospect of the worst winter this year that it has experienced since the hungry thirties. By granting this request for an interim payment the federal government would not be committing itself in any way; neither would the granting of an interim payment interfere with the federal government's wish to give the fullest consideration to the recommendations of the commission. However, by its refusal the federal government has decided to condemn Newfoundland to a retarded rate of progress and to condemn Newfoundlanders to unnecessary hunger, hardship and suffering.

I therefore appeal again to the Minister without Portfolio, the hon. member for St. John's West, to use his influence with his colleagues in the cabinet in order to have this decision reversed.

Mr. Batten: I want to add my voice to the protests that have been made here this morning by the hon. member for Bonavista-Twillingate and the hon. member for Burin-Burgeo. It does seem to me that there are no grounds at all for this refusal by the present government to acknowledge the findings of the McNair royal commission and thereby give Newfoundland what we think is a final settlement of that agreement entered into in 1949.

I could agree with the Prime Minister that maybe there is good reason for taking time just now to study this report further, and I have no objection to that; but I do believe it is only fair and just that an interim payment should be made now so as to avoid the hardship that will come to Newfoundland during the coming winter.

I can see no reason why we have not heard from the hon. member for St. John's West; I do not know why he has not given us the benefit of his opinion in this instance. I believe I am speaking for all Newfoundlanders when I say we ask for nothing which is not our right, and at this time we come to the Canadian parliament asking for nothing more than justice without equivocation.

There is little need to recount the facts concerning term 29. That has already been done. There is no occasion now to comment once more on the foresight of those who included this term in the terms of union, or to restate the significance which Newfoundlanders have attached from the very beginning to this particular term of the agreement. Implementation of the recommendations of the McNair royal commission in the manner, the speed and the degree in which it is done will be a measure of the desire of the Canadian government to honour an obligation undertaken on behalf of the Canadian people.

I listened with some concern to the very definite statement made by the Prime Minister today; and while I can agree that he may require more time to study this document and give further consideration to the case, I can see no reason why an interim payment could not be made so that Newfoundland might be able to carry on over the present year at least. I was talking to an hon. member yesterday following a previous discussion in this house, and he gave me the idea that he was of the opinion that this was all a one-way street.

May I tell the committee that the union of Newfoundland with Canada was not a

one-way street. I believe the stature of Canada as a nation was enhanced when Newfoundland joined Canada in 1949. It was a section of this land, formerly a dominion in its own right, which elected by a free vote of its people to become a part of Canada and the tenth province of this federation. It is true that Newfoundland has received many social benefits and also the services of government departments which have become highly specialized over the years. These have been a great blessing to Newfoundland, but it must not be concluded that because of that fact there has not been something else going in the other direction. Over the last eight years Newfoundland has been making a substantial contribution to the Canadian economy on a commercial, financial and economic basis, and I submit that this contribution is capable of measurement because Newfoundland, unlike the other provinces of Canada, did not grow with confederation. It elected years ago to maintain its independence, and because of that fact it is now possible to measure the contribution which Newfoundland has been able to make to the Canadian economy.

It should be remembered, too, that when Newfoundland became a province of Canada it did so at a time when it was enjoying the greatest prosperity it had ever enjoyed. There was no time in the history of the province when its condition was as happy as in 1949, so the union of Newfoundland with Canada was not a device to avoid the risk of financial peril. It was a desire on the part of Newfoundland and the people there to become a part of this great nation. It is now the duty of this committee to affirm and consummate its obligation with respect to clause 29 of the terms of union agreed to in 1949. We find the present government unwilling to honour that obligation.

I say again the union of Newfoundland with Canada enhanced Canada as a nation. It added 400,000 people to the population of this country. If these people had been brought here from some European country a considerable amount of money would have been paid to bring them and establish them here as Canadian citizens. But not only did they not have to be brought and established here; they brought with them many things of benefit to Canada. They brought to Canada an addition to its area of 155,000 square miles of territory, adding a considerable area to the portion of Canada below the 60th parallel, Labrador with 112,000 square miles and Newfoundland with 43,000, approximately twice the size of Nova Scotia or approximately 80 per cent of the total combined area of the other three maritime provinces. From a military standpoint the union brought with it control of the north Atlantic approaches to North America as well as a major protection to the security of Canada.

We have only to look at the mineral resources to see something of the further contribution Newfoundland has made to Canada. In the last few years we have heard a great deal about the iron resources of the United States, the Mesabi range, and about where iron resources will be found in the future. Those who have taken the trouble to read the report of the Paley commission of 1952 will have some idea of the need for iron ore in the United States and Canada. In 1953 Bell island alone was able to provide 40 per cent of the total Canadian production of iron ore. In that year the total production was 6.5 million tons. In 1955 this one mine alone was able to provide 45 per cent of the total iron ore production of Canada.

Oh, yes; Newfoundland has made a substantial contribution to the Canadian economy. This does not take into account the other tremendous iron ore reserves that exist in Newfoundland and Labrador. Looking at it from another point of view, when the reserves are further developed in Labrador, and when Bell island has assumed still more importance, Canada will be making a great demand on the production which will be available from these sources. The iron ore mines of Bell island produce an ore which has an extremely high silica and phosphorous content. The ore of Labrador has a comparatively low silica and phosphorous content. If we are going to develop our mines on Labrador there will be need to develop further the mines of Bell island so there may be a mixture of these two ores for the blast furnaces of Europe. One could go on and talk about copper, zinc and lead and the contribution of these resources Newfoundland is able to make to the Canadian economy, thus increasing Canada's mineral production.

It has often been said that the forest products of Canada are her very greatest resource. In Canada we produce many tons of newsprint each year. Newfoundland with a population of only 2.5 per cent of the total Canadian population has increased newsprint production in Canada by 10 per cent since union in 1949. On this island we have considerable forest resources, and the same is true of Labrador. These are adding much to the economy of Canada. I still contend that in the union of Newfoundland with Canada it was able to make a real contribution to the economy of the country.

Our fishing industry is important to Newfoundland and to Canada. In 1954 Newfoundland was able to produce 29.8 per cent of the total landings for that year, not an insignificant amount. It has been said, too, and

I believe with a great deal of merit, that any domestic market is far better than a foreign market. On the island of Newfoundland there is a domestic market of $200 million each year. Many of the things Newfoundland bought before 1949 came from other parts of the world. Today between 85 and 90 per cent of the imports of Newfoundland come from the Canadian mainland.

I believe that in consideration of the fact that the union of Newfoundland with Canada was not a one-way street in the first place, and second because what is being asked for now is only a consummation of the terms of union entered into in 1949, further consideration should have been given this request; and it could have been given on a non-partisan basis since the suggestion made to the Prime Minister was made not by the premier of Newfoundland alone but one in which he was joined by the leader of the opposition in that province.

The request that it made of this committee today is made by the people of Newfoundland. In 1949 they thought whatever agreement was entered into would be honoured by the federal government. I say again that what we are asking now is nothing more than justice without equivocation.

Mr. Tucker: Mr. Chairman, I wish to associate myself with what has been said by hon. members from Newfoundland regarding this payment to that province. I agree wholeheartedly with what has been said by those hon. gentlemen.

I have learned that the legislature of Newfoundland has unanimously agreed that this house be requested to pay to Canada's newest province, England's oldest colony, the amount that has been recommended by the royal commission on Newfoundland's finances after a careful study of term 29. I also understand that many expenditures set up in the estimates of Newfoundland for the fiscal year cannot be met without an interim payment from the federal government. By making this payment the Prime Minister and his cabinet should not be deterred from giving consideration to the recommendations contained in the McNair report relative to increasing the amount beyond $8 million per annum.

In view of the above I hope the Prime Minister and his colleagues will give further consideration at the earliest possible date to the joint request of the legislative assembly of Newfoundland. Thus far it seems that the request is like a voice crying in the wilderness. We are asking only that Newfoundland be treated as any other province and extended the same rights. Our joining the other nine provinces made our relationship with Canada a two-way street of mutual benefit. I feel, therefore, that I must join in the protest of the hon. members who have spoken before me.

Mr. Fleming (Eglinton): Mr. Chairman, this subject was discussed at considerable length in committee of supply two days ago. At that time the hon. member for Bonavista-Twillingate said he was speaking in a non-partisan tone and making an appeal to the government. On behalf of the government I responded to that appeal in, I think, a like spirit and indicated that the government viewed this as a serious matter calling for very careful consideration. At no time has there been any refusal whatever of any just claim on the part of Newfoundland.

But today the hon. member has unleashed a very bitter attack on the government, and has made some charges based apparently on the assumption that there has been some refusal on the part of the government. There has not. This report remains, in the view of the government, a report relating to a matter of very great importance to fiscal relations between Canada and Newfoundland. It is a matter that affects fiscal relations not simply today but in the years to come. It is a matter which, if it is to receive justice, must have the most careful consideration.

I placed on the record two days ago two of the telegrams which have been exchanged between the premier of Newfoundland and the Prime Minister of Canada. I drew attention to the fact that the premier of Newfoundland had publicly expressed gratitude for the position taken by the Prime Minister of Canada in this house in stating that this matter, because of its importance, should and would receive very careful study on the part of the government. In my remarks I enlarged on the fact that under the pressures of the session it simply had become impossible to give to this large question that careful consideration which it merits, and on that and the Prime Minister's statement today hon. members opposite have mounted their attack this morning.

You will not have forgotten, Mr. Chairman, that there were two factors in the situation which led the government to indicate that action by way of provision of an item in the estimates would not be possible in the dying days of the present session. The first, of course, is one I have mentioned, that the matter is a very large one and the report must receive careful and thorough study. The other, however, was one that the Prime Minister emphasized and which has received further emphasis, not mentioned by hon. members opposite, within the past twenty-four hours. That further fact is that the report has not been received with acceptance

by the government of Newfoundland. Indeed, the report has been the subject of the bitterest attacks on the part of the premier of Newfoundland.

Had this been a report whose recommendations had been accepted by the government of Newfoundland the matter might have appeared in a different light, but we are asked now to take action to fulfil for this year the full extent of the recommendations in the report while that report is still denounced by the recipient government. To proceed in the way that we have been challenged today to proceed would, I think, hardly be regarded as responsible in the light of the existing condition. I emphasize that the report has not been accepted at any time. Immediately it was made public it was received with strong expressions of dissatisfaction and critical comment in Newfoundland by the premier of that province.

If anything had been lacking in the expressions of dissatisfaction and criticism on the part of the government of Newfoundland at that time, certainly that lack has been filled since, for today's noon editions of the Ottawa papers carry reports of statements made in the Newfoundland legislature yesterday by the premier of Newfoundland. I shall read just a few extracts from the report. It is a Canadian Press dispatch from St. John's dated September 6:

> Premier Smallwood says the McNair royal commission that recommended Newfoundland should receive an additional $8 million annually from the federal government "was a dead loss". "This is the first time I said it publicly", he told the legislature yesterday. "The work of the royal commission was a dead loss. And the commissioners are also a dead loss. I recommended the appointment of some of those commissioners—God forgive me."
>
> The commission consisted of chairman Chief Justice John B. McNair of the New Brunswick supreme court, Chief Justice Sir Albert Walsh of the Newfoundland supreme court and Professor John Deutsch.
>
> It was appointed by the last Liberal government in Ottawa to determine how much Newfoundland needs to keep public services at their present level.
>
> Provision for the commission was made in term 29 of the terms of union with Canada, signed in 1949 when a Liberal government was in Ottawa.
>
> Premier Smallwood surprised some members by announcing, "I'm glad that there was a change of government in Ottawa" following the last federal election. "I was glad the minute it happened. Twenty-two years in power is too long...I don't think it's good that they got such a majority. They should have got a substantial majority but not that big."
>
> He assured he house, "In Newfoundland I'm a Liberal. But I am a confederate before I am a Liberal. My prime interest in life is to see confederation succeed regardless of what complexion the federal government is."

Then he proceeded, as this article indicates, to attack various features of the report and some of the statements made in the report concerning conditions in Newfoundland. The article makes mention of the fact that the opposition leader, Mr. Malcom Hollet, had said earlier that the commission might have recommended more if they had seen conditions in the White bay area. Then the article continues:

> "That's the trouble", Mr. Smallwood said. "They wouldn't go. You couldn't budge them. They practically mutinied when we tried to show them pictures of our institutions."

These are but a few of the statements that could be taken from this report, and these are the words of the premier of Newfoundland delivered not months ago, not weeks ago, but only yesterday in the legislative assembly of Newfoundland. These are attacks on his part delivered against the report, and this is the report that we as a government in the dying stages of this session are expected to adopt and to ask the house to implement.

I think a great deal more consideration must be given to this situation, to the report, its recommendations and the conditions that can be given to the matter under the pressure of this particular time. We would not be doing justice to this large subject to act now in the way we have been asked to act in the face of these crushing attacks delivered against the report by the premier of Newfoundland himself. Surely it is not to be said that we are somehow in default in not moving to implement the report when the report, so far from meeting with satisfaction on the part of the government of Newfoundland, has evoked such bitter and crushing attacks by the premier of that province.

I have only this to say in conclusion, and it is a repetition of what I said on Thursday and earlier today. There has been no refusal on the part of the government to consider this matter. On the contrary, there has been the plainest undertaking on the part of the government to give this matter that careful consideration which it merits, having regard to the importance of the subject involved and the interests of Newfoundland in her fiscal relations with the federal government. That careful study will be given. That careful study which the subject warrants could not be given under the pressures of these recent days and in the dying minutes of this session.

Mr. Pearson: I am amazed at the argument advanced by the Minister of Finance in explaining the refusal of the government to make this grant available to Newfoundland for this year so that Newfoundland can make up its budget on the basis of this amount, which it had every reason to expect, as an interim amount. The argument the minister used the other night, or one of the arguments he used, was to this effect. Well, Newfoundland was getting its share from the

Atlantic provinces grants for the improvement of services, and that should be enough for the maintenance of services.

At least he has not repeated that argument today, but what he has done to support his case is this. He has quoted from the current edition of the Ottawa *Journal*, repeating the argument that because the Newfoundland government and the opposition there are disappointed at the amount recommended by the royal commission, because they think it should be much more and because Mr. Smallwood has expressed himself so forcibly on that score, they should be given nothing at all.

The reconsideration which the Newfoundland government and the Newfoundland house of assembly want is a reconsideration upward. In other words the argument is that because you in Newfoundland asked for more as a long-term proposition, we will give you nothing now. There is no escape from that conclusion. We are not asking the government to decide on a long-term policy at this time. We are asking the government to live up to its pledge to implement that particular recommendation of the report which will make it possible for Newfoundland now to maintain its services. That is all we are asking.

Obviously they are not going to get that. The minister has said, why should we be asked to consider this matter in the dying days of this session? The fact is that in the dying days of this session they put in the supplementary estimates an item of $40 million for grain growers and one of $8½ million for universities—we are not complaining about that—they were able to do that in the dying days of this session but they were not able to do this for Newfoundland in the dying days of this session. The report making this recommendation was in the hands of the government on July 10 and the session was not dying on July 10, though the government may have felt like dying at that date.

In any event that is the situation, and no amount of specious argument on the part of the minister can alter the facts. What the government says is this; because you want a loaf, we are not going to give you half a loaf. That is the situation. We will let it stand at that.

Item agreed to.

University grants—

669. To provide that the rate of $1.00 mentioned in vote 541 of the Appropriation Act No. 1, 1957, is struck out and the rate of $1.50 is substituted therefor; and that a new agreement may be entered into accordingly with effect from the first day of April, 1958, between the national conference of Canadian universities and the Minister of Finance; the amount provided for in vote 127 of the main estimates for the present fiscal year to be applied to the purpose of this vote; additional amount required, $8,500,000.

57071-3—299

Mr. Fleming (Eglinton): This is the item under which it is proposed by the government that the rate of $1 provided in vote 541, which has already been approved, should be struck out and the rate of $1.50 substituted therefor for aid to Canadian universities. I think I should say a brief word on this subject and in relation to some of the considerations that have been raised in this house in regard to it.

The grants to universities from federal sources were initiated in the fiscal year 1951-52. At that time the grant was less than $8 million. It was fixed at the rate of 50 cents per capita of population in Canada. That amount was raised one and a half years ago to $1 per year. Item 669 now before the committee proposes that it should be increased by a further 50 cents per capita to a total of $1.50. That will raise the appropriation this year to something over $25½ million.

When this was announced in the house a few days ago the hon. member for Laurier asked me whether there had been any indication on the part of Quebec that these amounts would be accepted by that province. I gave a negative answer. The first year these grants were made available by parliament, in 1951-52, they were accepted by the universities of the province of Quebec, but not since then. In the meantime, in accordance with the provisions of the vote year by year and latterly in accordance with the terms of the agreement between the Minister of Finance and the national conference of Canadian universities, which governs the distribution of these amounts, the unclaimed portion has been accumulating. As the portion of the total grant available to the institutions of higher learning in Quebec has not been accepted by them, the amount allocated for that province has been accumulating. By the end of this fiscal year, March 31, 1959, the amount that will have accumulated for the institutions of higher learning in the province of Quebec will amount to about $15 million. The accumulation will become more rapid by reason of the increase that is now proposed.

I wish to make it clear on behalf of the government that we would wish the institutions of higher learning in Quebec to have the benefit of the provision intended on their behalf by parliament. The province of Quebec has more than a quarter of the population of Canada. Last year it had one-third of the students of all of Canada attending institutions of higher learning. Quebec pays its full share of taxes out of which this vote is made available, and the matter has been the subject of representations made by our members of parliament from Quebec.

Let me make it abundantly clear, Mr. Chairman, that this government will always scrupulously respect the terms of the Canadian constitution. It is plainly recognized that education is a field of jurisdiction exclusively assigned to the provinces under the British North America Act. As long as this government is in office there will never be any attempt made to trespass on that jurisdiction exclusively vested in the provinces.

The distribution of these sums is governed by an agreement which is referred to in the main estimates. It is an agreement that was entered into between the then minister of finance, my predecessor Mr. Harris, on March 26, 1957 and the national conference of Canadian universities, which is an incorporated body. Some change is anticipated before long in the constitution of that body, but it will not basically affect the provision for distribution of these sums through the national body that represents the Canadian universities. The agreement is in fairly general terms, but it is the document that now governs the method of distribution under the provision made by parliament year by year through the item in the estimates.

I emphasize, Mr. Chairman, that in reference to this subject of the basis of distribution this present government makes no rigid approach. We adopt no take it or leave it attitude in regard to this basis of distribution. The agreement which has been in effect now for a year and a half stipulates that the amount to be allotted to any province is determined in accordance with the population of the province. It is a straight per capita reckoning. The sum is provided on a population basis for the institutions of higher learning of any province, and is then to be distributed among those institutions in accordance with the student enrolment in courses as defined by this agreement.

Now I say, Mr. Chairman, of this agreement in relation to the attitude of the present government, that while the formula contained in the present agreement has not so far been such as to be viewed with favour in the province of Quebec, if there is any formula or modification of the present agreement which anyone cares to put forward which would permit the institutions of higher learning in the province of Quebec to participate, and which is in keeping with the national interest, we as a government are prepared to give it serious consideration.

In order to make more clear the government's position with respect to the constitutional issues that may be regarded by some as here involved, let me close by saying this.

[Mr. Fleming (Eglinton).]

(Translation):

The government respects and will always scrupulously respect, the constitution of this country. We recognize and we respect the provinces' absolute jurisdiction in the field of education. The increased grants proposed by the government are merely a necessary aid to universities, without government infringement upon a single provincial responsibility. As long as this government is in power, it will never encroach upon education, which is a provincial matter.

Mr. Chevrier: Will you always respect provincial rights as did the Right Hon. Mr. St. Laurent?

(Text):

Mr. Pearson: I wish to take the time of the committee for a few moments, Mr. Chairman, to talk about this very important subject. I regret that it has to be done at this hour, without benefit of luncheon, but I think it is a good thing that we should be sitting right through in this way in order to complete our work. This is an important matter, and I think I should say a few words about it.

There is no doubt that in this country in the field of higher education we are approaching—I do not think the word is too strong—a crisis in the sense that there are increasing costs, increasing needs and inadequate income to meet those costs and those needs. The obligations of government in this respect are greater than ever, and this includes the obligations of the federal government in this field of higher education, always having regard to what my hon. friend has just emphasized, the paramount necessity of respecting the authority, control and jurisdiction of the provinces in the field of education.

There has never been any desire on the part of anyone on this side to interfere with that control or that jurisdiction. When these grants to universities were initiated by Mr. St. Laurent and his government in 1951, that was made quite clear. Mr. St. Laurent was scrupulous in never departing from that principle.

When my hon. friend affirms, as he has affirmed—I wish I could affirm it as eloquently in French as he did—the policy and principle of the government he is, I am sure he will admit, carrying on the policy and principle that was followed by the previous government in this field. When he says they would welcome a formula which would make it possible for Quebec to accept this kind of assistance, I can assure him that when we were in office certainly we would have welcomed any formula which would have made that possible; indeed, we certainly sought such a formula.

Now, the need is apparent and the obligation of even the federal government is apparent in connection with this matter, subject to the qualification I have made. At the present time in this country 11.3 per cent of our income is spent by all levels of government on education, and 23.1 per cent goes to defence. The needs, as I say, are increasing. The universities must expand to meet those needs, and unless financial considerations prevent it they will expand. The Gordon commission, in its report on education, estimated that in the fall of 1964 there would be an enrolment in our universities of 113,000 students. In 1955 the bureau of statistics presented a projected university and college enrolment in Canada which estimated that in a 10-year period, which would be the fall of 1964, that enrolment would reach 128,900 students. I think the figure at present is something between 80,000 and 90,000.

Mr. Fleming (Eglinton): The figure, when the term closed last spring, was just around 81,000, and that was a 10 per cent advance over the total of the year before.

Mr. Pearson: This shows the problem with which we are faced in the expansion of university education in this country. We are faced with the same problem in respect of capital requirements to take care of this expansion. An estimate has been made that for the next five years $314 million will be required to take care of this essential capital expansion, so the question arises at once, where is this money to come from?

In 1956 of the amount expended on university education in Canada, 6 per cent came from endowments, a decrease in percentage though an increase in absolute terms and 28 per cent came from fees. That is a high proportion of the expenditure compared with 11 per cent in the United Kingdom coming from fees. This is a heavy burden on student fees as compared with the United Kingdom. Provincial governments were providing 40 per cent of the cost and the federal government is now providing 15 per cent of the cost of higher education in this country. About 55 per cent is coming from governmental sources, while in the United Kingdom 70 per cent of the cost of university education comes from government. Other sources in this country provide 11 per cent.

Over the years the federal government has assisted in university education. When I was looking into this matter I was surprised to find how much had been done for higher education by the federal government, in the form of direct aid, in the form of scholarships and so on. I do not desire to detain the committee by going into it, but the direct aid has been substantial since world war II. There has been aid to veterans and their children, vocational assistance and the officer training plan, which is a very important contribution. There have been the national research council scholarships, scholarships given by a federal agency which have been accepted I think without question by all the provinces. This has amounted to about $25 million. Then there is assistance to universities through departmental grants for research and for extension work in health, agriculture, labour, fisheries and transport.

There is, therefore, nothing new about assistance to universities by the federal government, and that assistance has been accepted in some form by all provinces.

Then we have the grants in aid about which we are talking on this particular item. As the minister pointed out, those were instituted in 1951. In 1958 these grants amounted to something over $17 million, and the minister proposes to add $8.5 million more for that purpose. We on this side most warmly and heartily support that increase. There is also the assistance given by the Canada Council of $1 million a year in scholarships. Capital assistance for construction from the Canada Council up to March 31, shared by 12 institutions, has reached the amount of $4 million. This help to universities, as the minister has said, began in 1951, and I think it is not inappropriate at this time to pay a sincere tribute to Mr. St. Laurent for his interest in this matter and for all that he did.

Some hon. Members: Hear, hear.

Mr. Pearson: Nothing I could say would equal in eloquence the tribute paid to Mr. St. Laurent at the conference of Canadian universities in 1956 by the chairman of the conference, who is now the Secretary of State for External Affairs. On that occasion in paying tribute to the wise and far-sighted leadership of Mr. St. Laurent he had this to say:

> The aid that his government has extended to the Canadian universities has been given without a hint of a tendency of a suggestion of a suspicion of a trend towards a desire to undermine their academic freedom.

And he concluded as follows:

> We thank you, sir, in a mood of gratitude not unalloyed by an expectation of benefits to come.

Those benefits came shortly after. They were then doubled, and today are being increased by this amount in the estimates. We certainly welcome this measure.

There is one feature I would like to call to the attention of the minister which perhaps could be improved upon. I agree that the grants should be increased, and they are now being increased. They should be increased without any strings attached to them, and that is the case here. I am sure care has

been taken to ensure that there should be no suspicion of any strings being attached by the manner in which they are being distributed through the council of Canadian universities. However, the present formula for allocating these grants, as the minister pointed out, is based on the population of each province and, within any province, those amounts are distributed in proportion to the number of students attending approved higher educational institutions.

Mr. Fleming (Eglinton): In accordance with the definition in the terms of the agreement.

Mr. Pearson: Yes, as defined, which makes them acceptable. Perhaps this formula could be altered as recommended by the national conference of Canadian universities, because in its present application the provinces with small populations but high proportions of university students do suffer. The grant for 1957-58 for Ontario per student—perhaps the minister could give me the exact figure, because I was not able to get it—

Mr. Fleming (Eglinton): For Ontario, $252 for 1957-58.

Mr. Pearson: I had $238, but the student grant for Nova Scotia was only $148. That is of course due to the passionate desire of the young men and women in that province to have a university education, and no doubt the ease with which they qualify for such education. But perhaps the government could look into the formula recommended by the universities to see if it could be made somewhat more equitable in its distribution.

We have put forward some proposals in this field, and I just want to place them on the record, which will only take a very short time. We have proposed that the federal government should provide 2,500 Canadian scholarships and 7,500 bursaries every year to students who can pass an open examination conducted in both official languages. That would make it possible, I believe, for any young Canadian to get a university education who could qualify for it on the basis of this kind of competitive examination, and it would surely ensure that no young Canadian would be prevented from so doing because of a lack of funds.

I admit this will be an expensive scheme to put into effect. If it were put into full effect with the students studying at universities for four years it would require $25 million in assistance each year. This would be done by competitions conducted by the university association and so on. We have also proposed interest-free loans from the first university year until one year after graduation, which would constitute a revolving fund from which students could benefit, from the interest which would begin one year after they left college. I think it would be advisable for a scheme of this kind not to be restricted to Canadians who have just left school. It also could become a most important part of our adult education.

I believe this proposal should commend itself at least to the Secretary of State for External Affairs, because in concluding my remarks I refer to what he said in March, 1958. This will also show that while we welcome this item because it increases the grant, it does not implement the promises made in the election campaign by the Secretary of State for External Affairs, presumably speaking for the government. On March 4, 1958, as reported in the Halifax *Chronicle-Herald* he outlined a stepped-up program of assistance comprising the following three points: urgent increase in fellowships, bursaries and scholarships. That is something I have mentioned. Next, that federal government grants to universities be increased from $1 to $1.50 per head and that is being done, and that the distribution should be based on a national average. Finally, and this is important, a possible amendment to the federal housing act to allow financial assistance to universities for residential construction which could be repaid on a self-liquidating basis.

My hon. friend probably knows that this latter point is one of the most important problems facing the universities in their capital construction program, and if the National Housing Act could be used in this way it would be a great help to them.

The Secretary of State for External Affairs repeated these proposals in Vancouver on March 22, and on that date the press quoted him as saying also that these proposals were for 1958-59. The report goes on to say that when the minister made them on this date he was cheered by more than 1,000 students. He might well have been cheered, because he said that the grants would be $1.50 per head of population instead of $1, and that there would be $6,250,000 to finance 10,000 new scholarships, bursaries and fellowships in 1958-59, eventually increasing to $25 million for 40,000 scholarships.

These were the proposals he brought forward three weeks before the election. He also promised amendments to the National Housing Act, which I have mentioned, and as a member of a government with a great interest in higher education he put forward this program as something which would be implemented in 1958-59. This is not being done. We welcome however this increase of 50 cents in the amount of the grant, and we will be very glad indeed to support it.

Mr. Herridge: As a member of a group which during the years has unceasingly urged

increases in the amount of the grants to higher education we wholeheartedly support this estimate of $8½ million to increase the grants to universities by 50 per cent. I was going to make somewhat extended remarks on this item, but I will not be cruel enough to detain the committee at this time for more than a few minutes.

I must say, however, that as a group we recognize the vital importance of providing more money for universities, and that we are pleased the government has recognized this necessity by increasing this grant during this session. I am sure its good will in this respect will receive the general approval of the country.

There are two aspects of this matter, and I suppose the one which strikes the majority of us first is that Canada's fast development requires increasing numbers of highly trained Canadians to take part in that development in administration, in technical spheres and so on. We are going to require more and more of these trained Canadians, and as a result we are going to require larger and larger grants to Canadian universities in days to come.

We are very pleased that the government has seen fit to continue the practice established by the former prime minister of these grants for distribution to the universities. We think this non-partisan approach to this question is the correct one and that it will receive general approval. We trust these increased grants will do something in the first instance to improve some of the low salaries now being paid to some of the very good men who are serving in universities across Canada, and we trust also it will help to check the rising student fees. I noticed an article in the *Gazette* a few days ago which said, "College fees still rise, and students still enrol." We hope this will do something to check this rise in fees which has prevented many Canadians from going to universities in recent years.

Before concluding I want to emphasize one aspect of this question, and I intend to speak on it at greater length because I think this is an aspect to which greater attention should be paid. As I have said, we appreciate the need for technical training and we need men who are technically qualified, but the role of a university is much greater in our view than that of merely contributing material benefits to our civilization. In our society the individual is of prime and first importance, as he is in every free society. I think this is one thing we must always keep in our minds when we incline to worship the goddess of success and the goddess of materialism, and count everything in terms of dollars and quantities.

Universities are not developed primarily to produce merchant princes in large numbers. Go through history and you will find there is very little known about merchant princes of the past. Those who have contributed to civilization and culture are those who have contributed to the arts, to music, to painting, sculpture, design, literature and architecture. Those are the aspects of civilization which are lasting and eternal, not the activities of the merchant princes who receive the general applause of North American society. Our universities should also be recognized as breeding grounds for the development of civilized, cultured, creative-thinking individuals. It is great individuals who have provided all the treasures of the ages, and we trust that in the application of these extended grants all Canadians will want to see this aspect of our universities progress and develop.

Mr. McWilliam: Mr. Chairman, the remarks made by the leader of our party have set out this party's attitude on grants in aid to universities and the proposed increase. My hon. friend also made certain suggestions with regard to further aid.

The present formula, including this year's increase, will grant up to approximately $725 per student in some provinces. In other provinces the amount will be as low as $220 This is a most inequitable formula, particularly as it affects the provinces of Nova Scotia and New Brunswick, as the hon. member for Algoma East has pointed out.

My remarks will deal with the service rendered by the small universities and their financial plight, and the group of high school students whose standards would enable them to continue their education but who are unable to do so for financial reasons. The further supplementary estimates contain an item in the amount of $8.5 million covering a 50 per cent increase in the amounts of the grants in aid, bringing the total amount paid to $25,600,000 based on the rate of $1.50 per head of population.

This increase is a most welcome and badly needed one, and meets half way the request made by the national conference of Canadian universities. This 50 per cent increase is a substantial one in the light of present revenues, and it will provide further financial assistance which will pay big dividends in the years ahead. The number of eligible Canadian universities is 91. However, seven of these are in Quebec province, which reduces the number that will receive grants this year to 84.

In New Brunswick and Nova Scotia there are 19 eligible universities as compared with 10 in the provinces of British Columbia and

Alberta and three in Prince Edward Island and Newfoundland. Ontario has a total of 30. New Brunswick and Nova Scotia together have as many institutions eligible for grants in aid as have British Columbia, Alberta, Manitoba and Newfoundland combined, despite a much smaller population. New Brunswick has more eligible universities than either British Columbia or Alberta, while Nova Scotia ranks third behind Ontario and Saskatchewan.

In April of this year the national conference of Canadian universities submitted a four-clause brief to the government. The clauses read as follows:

(1) To double the federal grants in aid to universities of Canada.

(2) To agree to some modification of the present formula of these grants to make the rates between one university and another more equal.

(3) To provide financial help towards capital expenditures for departments in the physical and biological sciences.

(4) To provide greater federal support for fundamental scientific research and for graduate studies within universities.

The request contained in clause 2 of the brief asks for a modification of the present formula toward making the rates between one university and another more equal, but apparently no action in this regard is contemplated this year. I take it from the minister's recent answer to a question I asked him on orders of the day, when he stated that no change was contemplated, that this is the case. His answer was just a "no", but I imagine that reply would not go beyond the present year and that there may be changes in the future.

In summary, the brief states that the present system shows weaknessess in that universities in some provinces receive far less per student than those in other provinces. The rates in New Brunswick and Nova Scotia are among the lowest, the top rate per student being $481 and the lowest $148. The summary also states that there is failure to make any provision for the wide differences in the cost of educating students in the various disciplines. While the increase in grants rises annually in accordance with the increase in student enrolment, in 1956-57 the average grant per student was $221 and in 1957-58 it was $205, a difference amounting to $16 less per student.

The opinion has been expressed that this submission favours the larger universities. I refer, of course, to the submission of the national conference of Canadian universities. In my opinion it would be a serious mistake to increase the per student grant to large universities at the expense of the smaller institutions. Most of the larger universities are endowed and many of them receive grants from provincial governments; their tuition fees are higher and their large enrolments qualify them for the major portion of the grant.

On the other hand the small universities which are not endowed are continually facing critical financial problems which retard expansion and in many cases are in difficulties in meeting current expenses. The present level of federal grants in aid in many cases are the difference between carrying on and closing the doors.

In the provinces of New Brunswick and Nova Scotia where there is a proportionally large number of universities, the majority, like most Atlantic province institutions, are in the small university group. The smaller universities enrol students who in many cases cannot afford to go to a larger university. In this respect these institutions are performing a great service to Canada in providing higher education for a group who otherwise would be denied the opportunity. While the present percentage of qualified students attending universities is low, being only 7 per cent out of a possible 31 per cent, it would be much lower if small universities were not offering the opportunity. Increased grants make it possible for small universities to carry on and extend the opportunity for a larger enrolment among the group with limited financial means, which comprises practically all students in the group between the 7 per cent now attending and the 31 per cent eligible.

The government should give every consideration toward making it possible for the group who have the academic qualifications but who lack the financial aid to continue their education thus providing equality of opportunity. I wish to take this opportunity to publicly express, once again, the gratitude of the people of New Brunswick to one who has done more than any other single person in assisting young men and young women to acquire a higher education. I speak of that great benefactor, Lord Beaverbrook.

Any submission to the government to change the formula of payments should be given the most serious consideration, keeping in mind the financial plight of the small universities, and in particular the group they serve. If any change is made in the formula of payments the quota for small universities should be increased to bring about an equality of opportunity.

Mr. Fleming (Eglinton): Mr. Chairman, just one word. I thank the Leader of the Opposition and other hon. members who speaking for themselves and their parties have commended this proposed increase represented by the present item. I believe I should make

one comment on the matter that has been raised. It has to do with the formula for division of the provincial allotment among the universities or institutions of higher learning in the provinces.

It is quite true the present formula which we have inherited from the agreement of March, 1957 and which was in effect indeed since the grants were first instituted in the fiscal year 1951-52, has created wide disparities in the amounts allotted per student by reason of the fact that the proportion of population in attendance at institutions of higher learning varies so widely from province to province. The Leader of the Opposition referred to Nova Scotia. Under the present formula Nova Scotia receives the lowest per student award. On the other hand, under the existing formula Newfoundland receives by far the highest. For the year 1957-58 the distribution ran all the way from a low of $148 per student enrolled in Nova Scotia to a high of $421 per student enrolled in Newfoundland.

This matter has been studied, and as the hon. member for Northumberland-Miramichi mentioned it was the subject of representations made on behalf of the governing body of the national conference of Canadian universities to the government when they met the Prime Minister and myself several months ago.

This has been a troublesome and difficult matter. No one wishes to see these wide differences. However, in seeking to bring about a greater measure of equality on a per student basis very serious difficulties are encountered because of the difference in educational forms in each of the provinces, and the difference in definitions of "institutions of higher learning" in the various provinces. It is because of the wide difference that exists attributable to differences in provincial approach that it has not yet been found possible to devise a formula which will maintain general justice as among the different provinces with a greater measure of equality in the allotment per student.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of Finance.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

670. To provide for contributions to the provinces, pursuant to agreements entered into or to be entered into, with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments—further amount required, $1,500,000.

Mr. Pickersgill: Mr. Chairman, there are a couple of points I wish to bring up very briefly, and these relate to matters that were under consideration at the time the minister's regular estimates were before the committee and on which we did not have information because at that time the minister had not been able to supply it to us. It related to two employees in the Cape Breton highlands national park, and I should like to read the question and answer as given by the minister as recorded at page 4516 of *Hansard*. It will be recalled that I had a starred question on the order paper for about two months which was finally answered by the minister on Wednesday last, though I had asked for an answer before the minister's regular estimates were before us.

Mr. Hamilton (Qu'Appelle): What has that to do with this item?

Mr. Pickersgill: Does the minister wish to raise a point of order?

Mr. Hamilton (Qu'Appelle): What has that to do with this item? I was asking you.

Mr. Pickersgill: If the minister wishes to raise a point of order about this, Mr. Chairman, I must confess this matter has nothing whatever to do with the particular item now before us. These are unfinished matters we were considering, and they are unfinished through no fault of our own because we were seeking information from the minister which he could not give us at the time his estimates were before us, although I am not criticizing him for that. I am bringing this matter up now solely because I thought it would be much more convenient to the house if I brought it up in committee of supply when the minister could perhaps dispel some of my misgivings and shorten the whole proceedings. If the minister insists on his point of order, I will not have the right to bring it up here and I shall be forced to bring it up on the second reading of the appropriation bill. From the point of view of getting through the business quickly, I think it might be much better to exercise a little latitude and dispose of it here, but I am in the hands of the committee. Does the minister want me to go ahead?

Mr. Hamilton (Qu'Appelle): I think it is up to the chairman.

The Deputy Chairman: Unless someone raises a point of order the chair is quite willing.

Mr. Pickersgill: In that case I shall proceed. I am not going to raise the point of order! When the minister quite properly intervened I was beginning to read the questions I had

asked and the answers the minister gave, as found on page 4516 of *Hansard* for September 3. The first question was:

Were George P. LeBlanc and Alex P. Boudreau dismissed from the Cape Breton highlands national park effective June 10, 1958?

The answer given by the minister to that question was:

Mr. Speaker, the answer to the first question is yes.

The second question was:

How long had each of these employees been employed by the national park?

The answer to that question was as follows:

George P. LeBlanc was continuously employed from April, 1951, to the date of his dismissal. Alex P. Boudreau was originally taken on strength on October 6, 1954. Mr. Boudreau was struck off strength on February 14, 1955 and was again taken on strength on May 11, 1955. He was continuously employed from that date to the date of his dismissal.

The third question was:

What was the reason for dismissal in each case?

The answer was:

The answer to question No. 3 is that the dismissal in each case was made on the basis of a declaration by an hon. member that the employee had taken an active part in politics.

I have here, sir, a telegram which I received on September 4, the day following the minister's answer, which reads as follows:

J. W. Pickersgill, M.P.,
House of Commons,
Ottawa, Ont.

Population of North Inverness flabbergasted at declaration Hamilton re George LeBlanc and Alex Boudreau. Five thousand people can swear these two were never active in politics apart from going out to vote. Press for immediate investigation.

Simon P. Boudreau.

I also have a copy of a letter sent to the hon. member for Laurier purporting to have been addressed—I must not say anything I cannot prove—to the minister on June 16, 1958 from Cheticamp, Inverness county, Nova Scotia. It reads as follows:

Hon. Alvin S. Hamilton,
House of Commons,
Ottawa, Ont.

Honourable and dear sir:

We were somewhat surprised at your recent statement in the House of Commons to the effect that no employee of the federal government had been dismissed for reasons of political affiliation.

We, the undersigned, George P. LeBlanc and Alex P. Boudreau, have been employed as carpenters by the department of northern affairs in the Cape Breton highlands national park for seven years and three years respectively. Our work has always been highly satisfactory as can be ascertained by contacting Mr. Atkinson, the recently transferred park superintendent.

On June 10 we were notified that our services would no longer be required. Upon being asked the reason for our dismissal the new park superintendent, Mr. Brown, produced the following letter:

Definite allegations of participation in political activity have been made against the following three employees who are employed in the Cheticamp side of the park in seasonal positions. These are Alex P. Boudreau, George P. LeBlanc and Peter H. Poirier. These men should be released immediately and replacements obtained on the advice and recommendations of the local adviser.

There is a query over the signature because apparently they could not read it but they have taken it to be "B. M. Strong". I am not altogether surprised that they could not read the signature. The letter continues:

If getting out to vote on election day is considered being engaged in political activities, then we must of course plead guilty. However, we were not aware that federal government employees had as yet been deprived of their right to vote. As to other political activities, we are prepared to swear that neither of us, while employed by the federal government has ever given publicly any indication as to which side he was on. Our only guilt would seem to stem from the fact that we were appointed by a Liberal administration. Furthermore, we are prepared to provide you with a sworn statement bearing the signatures of 500 people in this community to the effect that nobody really knows which way we voted in the last election.

I would hope that would be true.

A dismissal of this type is a black mark against our reputation which we are not prepared to ignore. Unless your department acts immediately to erase it, we shall be forced to have recourse to legal means.

Yours very truly,

George P. LeBlanc,
Alex P. Boudreau.

The minister stated in reply to my question —I want to be very exact—"the dismissal in each case was made on the basis of a declaration by an hon. member that the employee had taken an active part in politics." I am not going to repeat now what the hon. member for Laurier said earlier in the session, but he indicated the historic reasons for permitting dismissals in this fashion, a procedure, I may say, which I, like the hon. member for Laurier, think is antiquated and should be discontinued, no matter who is in office. People should not be dismissed on the simple declaration of a member of parliament that he knows these persons to have been engaged in political activities.

The hon. member for Laurier read a lot of authorities, Sir Robert Borden, Mr. Meighen, Mr. Mackenzie King and a good many others, to the effect that the reason a declaration by a member of parliament was accepted and a declaration by anyone else was not accepted was that such a declaration could be debated right here in parliament in the face of the accuser. The minister did not tell us what member of parliament it was who made this

declaration. It does seem to me that the very least the minister could do in this case is to tell us what member made this written declaration, because it has to be a written declaration, and table it in the house so that every hon. member will have the opportunity to see it, so that we, who are responsible to all the taxpayers of Canada for the way in which public moneys are expended, will have the full and proper opportunity to see what in fact the situation is that is alleged by the hon. member and so that he, whoever he may be, will have the opportunity to defend his conduct.

I agree with what was said the other evening by the hon. member for Assiniboia. I agree completely that this procedure is something that belongs to another age. I do not care whether it was done by Liberals or Conservatives. I do not think it should be done any longer. I have no hesitation in saying that and I have no hesitation in adding that I was not aware of this practice during the time I have been a member of parliament until after June 10, 1957.

Mr. Cardiff: Would you like a few concrete examples of what took place?

Mr. Pickersgill: No, I am not particularly interested. Of course, if the hon. gentleman wants to make one of his rare speeches I would be very glad to let him do so, and I would not care whether it was done by Liberals or Conservatives. I do not say that the practice is necessarily wrong but I say that it is an antiquated practice.

Mr. Cardiff: You would think that nobody but the Conservatives ever did it.

Mr. Pickersgill: I did not say that nobody ever did it but the Conservatives. The hon. gentleman was not listening.

Mr. Cardiff: Oh yes, I was.

Mr. Pickersgill: I said it was done in the past.

Mr. Cardiff: You are making a big fuss over nothing. You are taking a lot of time on a lot of things that do not amount to anything.

Mr. Pickersgill: The hon. gentleman's interventions are always, of course, of an exceptionally high order, Mr. Chairman. Only yesterday we heard eloquent speeches from the Prime Minister, the Leader of the Opposition and the leader of the C.C.F. party about human rights, and yet today the chief whip of the government says that the dismissal of two men because of accusations we have not seen in this parliament is a matter of no consequence.

Mr. Cardiff: I did not say any such thing.

Mr. Pickersgill: Well, a small matter.

Mr. Cardiff: I did not say any such thing.

Mr. Pickersgill: I am not going to misrepresent the hon. gentleman, but the record will speak for itself.

Mr. Cardiff: I just asked a simple question, and you would not answer it.

Mr. Pickersgill: If the hon. gentleman will repeat his question, I will answer it.

Mr. Cardiff: Go on with your speech.

Mr. Pickersgill: I want to repeat that I am not seeking to condemn any previous governments or any previous politicians, but I think this is the type of practice about which I should like to see the Prime Minister or anyone else undertake a reform. I should like to see investigations of these charges of political activity conducted by some impartial person. So far as I am concerned, I hope I never belong to a government in the future that carries on this practice. There may be many hon. members who think that is not a very serious thing for me to say because my political prospects are not very good.

However, I am serious about this matter, and I do not want to be diverted from the point. The point is that the minister allowed two employees to be fired from a national park, on his own statement, because some unnamed hon. member in this house made accusations. We know nothing about them, and again I say I believe we in this house are entitled to have that information so that we can form a judgment as to whether or not that was justified. These people say it was not. I am not taking their part. I have never seen these men in my life. I do not know anything whatever about them, except what I have before me here.

This is not an isolated case, of course. The minister has had other instances, and I want to say something about another one about which the minister did not bring down a return until just after his estimates were through. Before that, however, I have another letter here signed by Thomas Williams and William Asseff of Smelt Brook, Victoria county, Cape Breton. This was written on August 28, and it reads:

> I know you are not the member for Victoria-Cape Breton North—but I am writing this letter to you to see if you can help us to get our jobs back on the Cape Breton Highlands national park.
>
> I, Thomas Williams, of Smelt Brook, and William Asseff of South Harbour, Victoria county, were laid off our jobs on the 26th of August at 12 o'clock. There were two more men hired in our position that were on another job at the launchway at Smelt Brook.
>
> Peter A. MacIntosh went to work on the launchway on the 26th of August and was hired on the park on the same day. Mr. Ernest Briand who was sub-foreman on the launchway was given one or

two weeks to have someone placed as foreman so he could work with the national parks.

I ask you, sir, is this a fair way for a free Canadian to be treated or are we going to have the privilege of a free vote taken away from us.

I ask then why, when there's no complaints in the superintendent's office, were we laid off our jobs and two more men hired in our place. I ask, Mr. Member, will you ask this in parliament and send me the answers?

Mr. Diefenbaker: Is that the entire letter?

Mr. Pickersgill: That is the entire letter, and I would be glad to send it to the Prime Minister.

Mr. Diefenbaker: No.

Mr. Pickersgill: I have never been one to read parts of a document.

Mr. Diefenbaker: No, but you read so fast at the end.

Mr. Pickersgill: I know that hon. members want to get through, and I am trying to accommodate them. I apologize also for my voice. It needs a rest.

I want to go to another case, and this is a case which was discussed on the minister's estimates on the last evening they were before the house. He told me I would find the answers to my questions, which he did not answer—I should not say he refused to answer them, except by remaining in his seat—when this return was brought down. It was a return to a motion made by the hon. member for Ottawa West and it related to the dismissal, as I put it, or the failure to re-engage, as the minister put it at one point though he changed his ground as he went along, of a certain Mrs. A. E. Woodman of Jasper.

I have here this return and the first letter on this file is a letter to the superintendent of the national park from Mrs. Woodman, which is dated January 6. I will only read the text of the letter, and not the names, but I shall read the full text.

Having been an attendant at the Jasper information bureau for several summers, perhaps a formal application is not necessary. However, just for the record, I shall be available for service on June 1st, 1958 or earlier if required.

To this, Mrs. Woodman received the following reply dated January 21:

Thank you for your letter of January 6th making application for employment at the Jasper information bureau this summer.

We will be pleased to have you back again at the bureau this year and you will be contacted at a later date as to when your duties will commence.

That is the whole letter. Then, on June 2, and this is the next letter on the file, there is a letter addressed to Mr. Strong, chief of the national parks service, Norlite building, Ottawa. It reads:

For the past four years I have been on the summer staff at the information bureau here. This year I applied and was accepted quite early in the year. Yesterday Mr. Pettis informed me that, in a letter from Dr. Horner, M.P. for Jasper-Edson, he received orders to discharge me because my name was associated with the Liberal party. Dr. Horner told him who was to replace me. Will you give this matter your attention, please, it is now too late for me to secure other summer work; my husband is a world war I veteran and we live on a small C.N.R. pension—he was refused work this year too but no reason given. Are we living in a Gestapo age? An early reply will be appreciated.

Then, on June 9, Mrs. Woodman wrote the minister in the following terms:

May I ask for your consideration? I shall be as brief as possible.

Are you aware that patronage has reared its ugly head in Jasper national park?

I am not a civil servant but for the past four years I have given satisfactory service as an attendant in the information bureau here.

This year I applied for the same position early in the year and was given a letter of acceptance. On June 2, I was informed that Dr. Horner, M.P. for Jasper-Edson had objected to me being given employment as I was an active member of the Liberal organization in Jasper.

Mr. Pettis gave me a letter which stated—

Perhaps I do not need to read that again because I read it. Then the letter goes on:

I understand Mr. Pettis' position—

Perhaps I should read that because I am breaking the continuity.

Mr. Pettis gave me a letter which stated, "I have been instructed by my head office in Ottawa to withdraw our offer of employment to you in the Jasper information bureau for the forthcoming season". I understand Mr. Pettis' position but this letter gives a wrong impression—I was never "offered" employment in the bureau, I applied in writing and was accepted in writing; I was informed that my work would start June 14, 1958—therefore I was discharged, most unfairly, too late in the season to secure another employment.

My husband is a veteran of world war I and we live on a small C.N.R. pension; he applied for the attendant's job at the park west gate but he was not given work of any kind—why? We can only assume that he too is being penalized for my political associations.

We have lived in Jasper for sixteen years and I feel sure, Mr. Hamilton, that you and other members of the cabinet believe in justice and a square deal for every "fellow Canadian" of Mr. Diefenbaker's.

Will you investigate this matter of my discharge from the service? I will appreciate hearing from you.

To this, the minister replied on June 14 in the following terms:

I wish to acknowledge and thank you for your letter of June 9th.

It has been government policy for many years to discharge or not employ people who have actively participated politically. By your own admission you state in your letter, "We can only assume that he too is being punished for my political associations." Under the circumstances, I have no choice in the matter but to concur with the action taken by my departmental officials.

Then there is another letter here of June 19 to Mr. Pettis from Mrs. Woodman which

I do not think I will read because it talks about getting legal advice and so on. Then there are several letters from the Liberal candidates to which reference was made by the minister. I am not going to take any more time to read this file because it is, of course, the property of the house and is available to everyone to read. After I had raised this matter in the house I received a letter from Mrs. Woodman whom I have never met and whom I do not know at all, on August 19 in the following terms:

Dear Mr. Pickersgill:

Thank you for bringing my case out in the open and insisting on an admission from Mr. Hamilton that I was hired and then "told later not to report".

I am sending you copies of my letters from the Department of Northern Affairs and National Resources, including my acceptance for work at the information bureau and my discharge, written in such a way that it gives the impression that an offer of work had just casually been withdrawn; nothing could be more wrong—I was never "offered" work—I asked for it and was discharged just twelve days before I expected to begin work, too late to get other full time summer employment here.

The enclosed copy of a letter from Dr. Hugh Horner, M.P. for Jasper-Edson, is a masterpiece of contradiction, it was not marked "confidential" so I do not hesitate to pass it on to you to be used as you see fit.

I have been a member of the Liberal party all my "voting" life and I just hope I am still around to do my small bit when the next election comes around.

Thank you again for your support.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Here is a letter that I have already read into the record from Mr. Pettis the superintendent to Mrs. Woodman. Then here is the letter to Mrs. Woodman that purports to be from the hon. member for Acadia, and I say "purports to be" because I have only received this from the lady herself and have not, of course, been able to verify it in any way. But the hon. gentleman is a member of this house and if he wishes to deny the letter he has the right to do so. The letter reads as follows:

Ottawa, June 9, 1958.

Mrs. A. E. Woodman,
Jasper, Alberta.

Dear Mrs. Woodman:

The Prime Minister has requested that I reply to your letter of June 2nd—

This astonished me and I put a motion on the order paper asking for the correspondence between Mrs. Woodman and the Prime Minister and the Prime Minister offered no objection to the motion which was passed. But I inquired this morning and the correspondence had not yet been tabled. I am not seeking to make anything of that fact at all. I know what preoccupations there have been. The rest of the letter follows:

The Prime Minister has requested that I reply to your letter of June 2nd, which was addressed to him with regard to the position on the tourist information bureau at Jasper.

When asked for recommendations to fill these positions I found that I could not accept your name because of your political activity. For the record I would like it to be known that the Conservative party do not intend to practice patronage as the old Liberal regime did.

I think there is a beautiful irony there.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I continue:

We feel that a person's politics should not be of any influence in being accepted for any position. However, the general rule is that any employee of the government, civil servant or otherwise, should not take part in any political activity.

Yours sincerely,

Hugh M. Horner, M.D., M.P.

That is the whole of that letter. What I want to say is this. This lady was not employed by the government at the time of the general election. It is true that she had applied for a position and had been told that in June a casual position, a summer seasonal position, would be hers. She was a free citizen, not an employee of the government all during the election campaign. She surely had a right, if she wanted to, to engage in political activities just as any other free citizen has. The day when free citizens are not going to be allowed to engage in political activity is a day that I am sure neither the Prime Minister nor the minister on reflection wants to see happen here. If it is going to be said that no one is to be employed subsequently in the public service because he has engaged in political activity, there are a great many employees who would never be engaged in the public service. It seems to me to be an absolutely preposterous suggestion to say that because someone has been active politically and subsequently applies for a position, that should make any difference whatsoever in that position.

I quite agree with the view that a public servant, while a public servant, should not engage in political activity. I do not agree with the view that is expressed by some parties that they should. But the idea that people should be penalized because when they were not public servants they engaged in political activity seems to me to be wholly preposterous. Before we grant any more money to the minister I think we are entitled to have from him an explanation of these two cases.

I admit he has had no notice here of this other case. I would not want to press that one because I admit that the minister has not heard of it before. I do not want to be

unfair. But of these two cases the minister has had ample warning and ample knowledge, namely the cases of these two gentlemen George Leblanc and Alexander Boudreau in the Cape Breton Highlands park. I think we should have the declaration of the member of parliament who is responsible for this laid before us and read into the record so that we know what we are talking about. In the case of Mrs. Woodman I think we should hear from the minister what justification he thinks there is for penalizing people because at a time when they were not public servants they engaged in political activity.

Mr. Argue: As my name has already been mentioned in this discussion, I want to say that I am indeed shocked by the practice that apparently is being followed. I do not think members of parliament should be given the right or the responsibility of informing on public employees and recommending that they be dismissed and that the government should subsequently take that recommendation as full reason for dismissing such an employee. Surely it is part of the fundamental right of every Canadian, if he is to be dismissed from a position, to know why he has been dismissed and he should have some recourse of appeal. Members of parliament should not be given this right to jettison the economic position of Canadians and to interfere in their personal right of employment if they are giving good service.

The hon. member for Bonavista-Twillingate at one point in his remarks said that he would not say that what has been done is wrong but he would say that it is antiquated. I am quite prepared to say that it is wrong. Not only is it antiquated but it is wrong. It is wrong on moral grounds. It is wrong from the standpoint of efficient government administration. It can do nothing but undermine the morale of public employees. If this practice is carried on of a member of parliament informing the minister and having people fired, it makes a mockery out of any other move by this parliament by way of a bill of rights. If parliament is sincere—and I believe it is—in wanting a bill of rights to guarantee human freedoms, then the practice of this government in this regard strikes at the very foundation of human freedoms in this country.

I can tell the government that if they continue this practice and if individual members of parliament on the government side of the house accept this as a prerogative and exercise it they will be hounded by members of the opposition in this house, session in and session out, because this is a matter of great importance to the welfare and to the freedom of the people of Canada, and we are not going to take this kind of interference with human freedoms without a continuous and energetic protest.

[Mr. Pickersgill.]

Mr. Pickersgill: Is the minister not going to reply?

Mr. Hamilton (Qu'Appelle): I think it is only fair to the house to repeat some of the statements and allegations which have been made here today. I think anyone who knows the political history of the last 25 or 30 years will look on this change of government after 22 years of one administration as one of the greatest steps forward in the improvement of the treatment of casual workers for the government which has ever taken place in the history of any democratic country.

Some hon. Members: Hear, hear.

Mr. Hamilton (Qu'Appelle): This matter, as admitted by the hon. member for Bonavista-Twillingate who raised it, is completely out of order. He took advantage of the situation which had been fully discussed in the estimates when they were before the house, and in the interest of getting things accomplished we made no objection, but I would just like to put the whole thing in perspective. Many hon. members recall with personal interest the things which happened in Saskatchewan in 1934 when the government changed in that province; many of us remember with personal interest when the federal government changed in 1935 and when at these various parks and institutions where the government employed casual help, not just one here and two there but the whole outfit was dismissed out of hand.

An hon. Member: Remember Ontario in 1935.

Mr. Hamilton (Qu'Appelle): And there are hon. members in this house who had members of their families who lost their jobs. When you think of the thousands of employees in the national parks and the northern affairs department and particularly the number employed as casual labourers, and especially remembering that the hon. member after searching up and down this country from one end to the other can come up only with two cases in Cape Breton, one case in Jasper, this new case of which I do not know and one, or is it two, other cases in some other place—at any rate just a few cases—I think it is a matter of a tribute which should be paid to this government. I say this especially in view of the fact that if we had adopted the attitude with respect to casual labourers which was taken by the previous administration, there would have been no

delay after last June; there would have been a 100 per cent change.

To my knowledge there was almost no change made in the employees of the national parks after last June. We kept all those appointees, casual employees as they were, even though traditionally, particularly in the eastern areas, there would have been a complete change-over. When the winter work program started last winter those same men, not appointed by this government, were kept on to do their work.

An hon. Member: What about these cases?

Mr. Hamilton (Qu'Appelle): The appreciation of what we have done is well known in some of these areas. I have also intimated in this house that in some cases instead of using the traditional methods of hiring people, members of parliament have asked members of the churches of both principal faiths in this country to recommend persons to the superintendent who most need this casual labour.

These things in the minds of the people of Canada will, I think, indicate as clearly as anything that this government has taken a tremendous step forward. We have a new profession of faith on the part of the hon. member for Bonavista-Twillingate who sat in the closet working for the previous administration for many years, advising them at the highest level, and then took his place as a minister of the crown, but not once did he stand on his feet in this house and make a declaration the like of which he made today—

An hon. Member: Judas.

Mr. Hamilton (Qu'Appelle): The government has gone forward and I know investigations are being carried out in accordance with the policies laid down in the various departments and because of some of these investigations delays have occurred.

The Woodman case was discussed on my estimates and I do not think the hon. member for Bonavista-Twillingate was quite right in bringing it forward at this time, because he did not give the facts which were disclosed.

Mr. Pickersgill: If the minister will permit me to say so, the only reason I brought it up again was that the report had not been tabled and I did not previously have the information.

Mr. Hamilton (Qu'Appelle): I am not going to debate that little point but I would just like to point out to the committee that the Woodman case concerned a woman who had been actively political whether at the time of her dismissal or not. If we just let our minds go back, and of course hon. members do not know this lady, she was employed by the parks department during the general election and before, and it was all right when she was working for the Liberal government to take part in that sort of activity, but when a new government comes along she should have enough sense not to go out and actively oppose the then government in the current election. One could not blame the sitting member for recommending her dismissal in that case, and I asked him some pointblank questions in this regard.

Mr. Pickersgill: Could I ask a purely factual question? The minister said she was employed during the June election, but she was to report for work on June 14, 1958 according to the return, and the election of 1957 was on June 10. Is the minister stating as a fact she was employed before June 10, 1957, or is that merely a supposition?

Mr. Hamilton (Qu'Appelle): The hon. member knows I have not the file before me but it is true she was employed for the previous four or five years in the reception booth of the park and in June she certainly would be on duty. I think, therefore, the member was wrong in bringing up this matter on this vote, which has nothing to do with it and he has not achieved the purpose which he would like to have achieved. You cannot make the people of Canada swallow this idea that now the Liberals are in opposition they have suddenly changed their spots and have become as virtuous as the hon. member for Bonavista-Twillingate would lead us to believe.

This government by its actions has alleviated the problems of the civil servants and has raised the civil service level and that of the casual workers of the government to a new high, and I would say that I hope this will be the end of the subject.

Mr. Pickersgill: Will the minister give us the name of the member on whose recommendation the action was taken in the Cape Breton Highlands case?

Mr. Hamilton (Qu'Appelle): Yes, that hon. member was the member for Inverness-Richmond.

Mr. Grills: I have been listening with considerable interest and amusement to the hon. member for Bonavista-Twillingate in his remarks about political patronage. He mentioned two people who asked him to reinstate them, and I would inform him that dozens of people in Hastings South have asked me to get them reinstated in jobs they lost in 1935. They were fired in 1935 without a trial and without any consideration, and they now want to get their jobs back which were lost during a Liberal regime. I think he has made an error today because his party were past

masters in this sort of thing. As far as the hon. member for Assiniboia is concerned, he has no sins to answer for as he has never had the opportunity.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Terminable services—

663. To provide for payments to western grain producers of $1 per acre up to a maximum of 200 acres per farm in accordance with regulations of the governor in council, $40,000,000.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Chairman, I seem to detect some eagerness on the part of some hon. members to speak on this item which is to provide the money to make these payments of $1 an acre to western farmers up to $200 per farm.

The Prime Minister made a detailed statement on this matter a week ago today in which he made reference to the long term farm program on which we are engaged. He pointed to the part which this particular proposal is intended to play, and he also discussed the scheme itself in some detail. For these reasons I do not think I should take up the time of the committee for too long in speaking on the matter today.

However, I should like to say that the government gave very long and detailed consideration to the problems of western grain producers. The western members of parliament in this party—and they constitute all the hon. members concerned except one—were consulted on numerous occasions with regard to this question and they gave us very valuable advice in connection with it.

The so-called deficiency payments which were asked for by the western wheat pools and by other western farm organizations were considered very thoroughly. I say "so-called deficiency payments" and I would just like to say a word on that. These requests made by the wheat pools and other western organizations were not, strictly speaking, for deficiency payments at all. I am sorry about the confusion that exists over the term "deficiency payments". A deficiency payment is one which is made to make up the price to a certain predetermined level if the price falls below that level. This is one of the three methods used under the Agricultural Prices Stabilization Act in order to put floor prices into effect. As I say, the request was not for a deficiency payment of this sort but for the fixed payment of so much a bushel on the two previous past crops.

Mr. Argue: Would the minister say whether or not the proposition of the wheat pools was based on a formula and, if so, how this formula was arrived at, because my understanding is that they had a definite formula.

[Mr. Grills.]

Mr. Harkness: That is correct, but it has nothing to do with the point I am making now, that it was not a request for deficiency payments. What I am trying to do is to clear up the confusion that exists over the term.

The Chairman: It would be appreciated by the Chair if members kept their voices a little lower. There is far too much noise in the committee at the present moment.

Mr. Harkness: As I said, the request of the western farm organizations for this payment was very carefully studied and it presented two very grave disadvantages. First of all, under payments of the kind requested, the people who would receive the largest benefits would be the largest producers, and the people who would get the smallest benefit would be those who needed help most, that is, the smaller producers. In addition, those who were hailed out or who lost their crops by any other means would receive no payment at all under the so-called deficiency payments requested, and people who had fed the major portion of their grain to livestock would similarly receive no payment. Those are very serious disadvantages. It would not make for a fair distribution, and it would not give the major portion of the money to the people who needed it most.

A second serious disadvantage is that if this payment had been put into effect with respect to oats and barley there is no question but that the United States would have reacted in one of two ways. Either that country would have placed an embargo against the entry of Canadian oats and barley into the United States or it would have been required by its own customs act to place against Canadian oats and barley a countervailing duty equivalent to the amount of the deficiency payments. Thus we would have been no better off than before. In fact, we would have been much worse off. That situation is one which made payments of the sort requested highly undesirable; it was the type of thing which would actually have done the Canadian western economy more harm than good.

The plan of acreage payments which we propose under this item is the best method, I think, which could possibly have been devised to meet the cash difficulty which it is admitted exists in western Canada is due to two short crops, a short crop this year and a short crop last year. I think it must be borne in mind that farmers, and grain farmers in particular, depend on two things: the size of the crop produced and the price received per bushel. During this year and last year the number of bushels produced have been considerably reduced and income has therefore been reduced, even though the

price was similar to that of previous years. In fact, the price is down a little, too. But I think we must always keep in mind that the most important determining factor is the size of the crop. It is much better, for example, to have a 40-bushel crop and get $1 a bushel than to have a 10-bushel crop and to get $2 a bushel for it.

As a result of short crops the small farmers particularly in western Canada have had very little grain to deliver. The acreage payment which we propose to put in effect will give most assistance to these small farmers who need assistance most at the present time. In commenting on the statement made by the Prime Minister, the only criticism made by the Leader of the Opposition with regard to this scheme was, really, that it was not based on any formula or principle. This is not the case. The principle upon which these payments are based is to extend the greatest amount of assistance to those who need it most, that is, to the small farmers. That is the basic principle underlying this type of payment and, of course, there is a definite formula. The formula is to make payments of $1 an acre up to a maximum of 200 acres in order to accomplish the purpose which I have enunciated in stating the principle of the proposal.

The fact that it will accomplish this purpose can I think be shown by considering the size of farms in western Canada. This is a matter which was raised by the hon. member for Assiniboia, and I will comment on his statement later. As reported in *Hansard* for October 28, 1957, at page 462 I gave a breakdown of the number of cultivated acres—the size of farms in western Canada as far as cultivated acreage is concerned—and looking at that table we see there are, or were, in that area, 230,854 permit book holders and of these, 31,299 had less than 100 cultivated acres, that is, 13 per cent of the total had less than 100 cultivated acres. The next group are those having between 100 and 199 cultivated acres, and they amount to 63,272 of these farmers, that is, 27 per cent. If you add those two groups together you have 94,571, or over 40 per cent of all the permit book holders among farmers in western Canada who have less than 200 acres in cultivation. You have a large number of others in the next group, 200 to 299 acres. The total amounts to 51,000 people in this category, but a large number of those in this group probably little more than 200 acres in cultivation. As a matter of fact, their average is 246 acres.

Taking these figures altogether I think it becomes clear that this type of payment provides payment on the total acreage in cultivation of over 40 per cent of all the farmers in western Canada and provides payment on nearly all up to 50 per cent. That seems to me to be much the fairest way in which assistance could be provided to western farmers and their admitted cash deficiency made up at this time.

The hon. member for Assiniboia in commenting on the statement made by the Prime Minister stated that this payment which was going to be made was less than 10 per cent of what the farm organizations out there had requested. That is a completely incorrect statement and I am surprised at the hon. member for making that remark and another statement with which I shall deal in a moment.

Mr. Argue: It is absolutely true.

Mr. Harkness: The wheat pools requested total payments amounting to $228 million.

Mr. Argue: On one year.

Mr. Harkness: No, covering the two crop years, and the payment being made of course, is very much more than 10 per cent of that.

The hon. member for Assiniboia in complaining about the size of this payment also made the statement that the average cultivated acreage of farms in Saskatchewan exceeded 500 acres, a statement which I questioned at the time and which is completely incorrect. I have before me figures as to the average size of cultivated acreage for western farms. In Manitoba it is 232 acres, in Saskatchewan it is 392 acres and in Alberta it is 299 acres. Those are the average sizes of farms in the three prairie provinces. In other words, the size of the farms out there is much smaller than the average person particularly in eastern Canada always seems to believe and smaller than the hon. member for Assiniboia, who should have known better, stated.

There are one or two other points I should like to make. There were some complaints made in western Canada stirred up particularly by hon. members of the opposition parties that the Agricultural Stabilization Act affected eastern farmers far more than it affected western farmers because western wheat, oats and barley were not included under the act. That is true only to the extent that some people in western Canada specialize in the growing of grain and do not produce livestock, dairy products and so forth. I might point out that the payment being made to those western farmers now will certainly at least balance up the payments made to other farmers under this act from which a number of farmers have received no benefit because they grow nothing except wheat.

In connection with this point, however, I should emphasize that the amount of benefit

which accrues from the Agricultural Stabilization Act cannot be measured by the actual amount of money which is being paid out under that act. As an example, take the case of butter. The amount of money we pay out in order to keep the price of butter at its present level bears no relationship whatever to the great benefit that price confers on all of the 69 per cent of Canadian farmers who are engaged in the dairy business. The same thing applies to any other payment made under the Agricultural Stabilization Act or otherwise in order to assist the agricultural industry. The benefits which derive are very much wider than the actual amount of money involved.

In closing I might just say that the money which will be paid out under this scheme will be distributed by the Canadian wheat board on the basis of the cultivated acreage shown in the current permit books for 1958. The Canadian wheat board has the organization, the set-up and facilities and the information to be able to make these payments more efficiently and expeditiously than any other agency.

Mr. Pearson: Mr. Chairman, the minister would, I am sure, be very disappointed if I did not say a few words at this time on this item of his estimates but I will do my best not to detain the committee. There are some things, however, that I feel it is necessary to say in regard to what is involved in this item, not in terms of policy, I suggest—because it does not represent policy—but in terms of short term, short range action, how it will be applied and what it covers. In so far as these payments will help to make up for declining farm income and put in circulation extra dollars where they are sorely needed then they meet our approval and will secure our support.

We have put forward, although not in this house, our own views in connection with agricultural policy. There will be an occasion, if not this session then next session, for us to discuss our views in this house because the Prime Minister last Saturday indicated that in the next session we would hear from the government in regard to long range agricultural policies. Certainly that is not involved in this item today. That is one of the reasons for which we criticized it. Furthermore, this action by the government must be a disappointment to western grain producers in the light of statements that have been made by spokesmen of the present government during recent years. Such a reaction of disappointment is natural and inevitable in view of the policies put forward by the Prime Minister and the Minister of Agriculture when they were in opposition.

[Mr. Harkness.]

The Prime Minister's policy in those days as stated in the House of Commons was to overcome by government action—in so far as it should be done by government action—the cost-price squeeze, to restore to the farmer a fair share of the national income based upon a formula of parity, taking into account the relationship between the cost of production on the one hand and the prices farmers must pay on the other.

Notwithstanding what the Minister of Agriculture has said the payments provided in this item are based on no discernible or rational principle. If there is any principle involved it is only a one based on a grant to be made to people who need it and for short term. There is no principle involved in this item which is of a general application over a period of years. Certainly this grant is not related to cost of production or prices and it is not related to any principle of parity. Indeed, when the Prime Minister referred to this matter a week ago today he did not even mention the idea, the principle of parity although he did in that statement dismiss the principle of deficiency payments and the principle—if it is a principle—of a two-price system.

The references to parity made by the Prime Minister on previous occasions were certainly absent last Saturday and they were absent from the statement made today by the Minister of Agriculture. Instead, we were subjected to some general statements and philosophical observations in the statement made by the Prime Minister concerning the difficulties of agriculture and the necessity of the government doing something about it next session on a long term basis. When I speak about the precise language the Prime Minister used with respect to this matter in the past, I have in mind in particular the words he used in the house on March 12, 1956. As found on page 2021 of *Hansard*, the present Prime Minister had this to say:

> The squeeze which the farmer suffers results from the disparity in the relationship between the prices of farm products and the prices the farmer has to pay. When they are in proper relationship parity is established, and it is parity that the farm organizations across this country are asking for today. Not charity but parity.

Those were the words of the present Prime Minister at that time. I suggest that in the action taken by the government on this occasion the farmers are getting neither charity nor parity. Certainly the Prime Minister made no effort last Saturday to relate his payments to a formula for parity about which he spoke in such feeling terms in the debate to which I have referred. In the speech from which I have just quoted the Prime Minister defined parity and left no doubt in the minds

of those of us who were in the house at that time that the establishment of a system of parity prices would prove a solution to the problem of agriculture. Indeed, as found at page 2026 of *Hansard* for the same day, the Prime Minister moved an amendment in these words:

That all the words after "that" be struck out and the following be substituted therefor:

"in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to create a parity of prices for agricultural products at levels to ensure producers a fair price-cost relationship."

That same theme was developed in the election campaign of 1957. I find it necessary at this time to refer only to a few of the Prime Minister's speeches in that campaign. Some of them have already been referred to in the house. According to the Ottawa *Journal* of May 9, 1957, the Prime Minister told a Brantford audience that the Conservatives if elected will "maintain a flexible price support program to ensure an adequate parity for agricultural producers, based on a fair price-cost relationship". I take it that the prairie farmers were not excluded from that reference. Then, on April 25, 1957, in his opening speech in that campaign the Prime Minister outlined an agricultural policy. I quote from the press statement that was issued:

We will assure the farmer of his fair share of the national income—

"We will assure".

—by maintaining a flexible—and I underline the word "flexible"—

These are the Prime Minister's words.

—price support program to ensure an adequate parity for agricultural producers based on a fair price-cost relationship.

It is fair to conclude from that, of course, that the Prime Minister had the western producer in mind as well as other agricultural producers. Last session the Minister of Agriculture introduced his agricultural stabilization measure and defended it as fulfilling all the election pledges of his party.

Mr. Harkness: And it did.

Mr. Pearson: In the light of what I have just quoted, in the light of the Prime Minister's statement in the house in 1956 when he advocated an agricultural policy based on parity prices, and he defined what parity prices were and I have given the definition, how can the Minister of Agriculture say that the agricultural stabilization measure introduced last session fulfilled all the election pledges of his party? The minister in explaining that legislation, and I refer to *Hansard* for December 14, 1957, page 2398, stated that a guaranteed price could be provided through purchase of the commodity, paying deficiency payments, and other price support payments determined by the governor in council. What has happened to these deficiency payments? On Saturday last the Prime Minister dismissed deficiency payments for western agriculture because they, and I quote from page 4346 of *Hansard* of this session, "are not in the long run interest of either the western grain producer or the nation as a whole."

Mr. Harkness: I just finished explaining that they are not deficiency payments; these are flat payments.

Mr. Pearson: They are indeed. I am just trying to explain that the agricultural policy of the government when it was in opposition and when it was talking about policy during the election campaign was a policy based on parity and deficiency payments.

Mr. Harkness: We have deficiency payments in effect for a large number of commodities.

Mr. Pearson: I do not think even the ingenuity of the Minister of Agriculture will be able to prove to the house that the action embodied in this item and the policy they have adopted up to the present in regard to agriculture meets the promises made by the Prime Minister and himself during the election campaign and previously in the house. Indeed, Mr. Chairman, last Saturday when the Prime Minister spoke there was no clarion call for parity. There was no ringing declaration for deficiency payments. There was no formula to guarantee a cost-price relationship, no principle advanced to produce a fair share of the national income for the farmer. And that is what my hon. friends talked about so much during the election campaign and previously in the house.

Therefore we are now entitled to ask the Prime Minister whether he has repudiated his election promises to the prairie farmers on this matter. We are entitled as well to point out that the agricultural policy for the western farmer proposed by the Prime Minister when in opposition is now a virtual shambles. I have no doubt the hon. member for Assiniboia will be able to help me confirm that fact when he gets up.

Mr. Diefenbaker: You should speak about a shambles and promises.

Mr. Pearson: Deficiency payments are out. Parity is out. A fair share of the national income is not mentioned. What is to be the substitute? This one-shot operation which when it ends, so far as we know, is to be replaced by what? We do not know. We do know that it is not based on any kind of

principle enunciated in the house or throughout the country by the Prime Minister or Minister of Agriculture. We remind the Prime Minister of his statement in the house that he was laying down as an agricultural policy for the Conservative party of that day "not charity but parity".

I will conclude, Mr. Chairman, by referring to one editorial expression of opinion on this matter, not from the Winnipeg *Free Press* although they have some interesting references to it.

Mr. Diefenbaker: That is where your speech came from; your speech has the appearance of Winnipeg *Free Press* authorship.

Mr. Pearson: My right hon. friend is really almost morbidly and unhealthily preoccupied by what the Winnipeg *Free Press* says. Why does he worry so much about the Winnipeg *Free Press?*

Mr. Diefenbaker: Because apparently it is my hon. friend's adviser in all things.

Mr. Pearson: I am glad the Prime Minister said "apparently" because that, of course, covers almost any statement he can make. I am sure he really thinks that it is more apparent than real. However, I would not hesitate to take good economic advice from whatever source I could get it, and I commend that to my right hon. friend and to the Minister of Finance. I certainly do not know where he is getting his agricultural advice.

Mr. Harkness: You had better go to another source if you want good economic advice.

Mr. Pearson: I do not know where he is getting his advice at the present time but it is not really very impressive when what results from it is this one-shot $40 million operation which as far as it goes will help the grain producers but will leave them high and dry as to what is going to happen in the future. The Toronto *Globe and Mail* is not a paper normally too friendly to our party but in commenting on this particular vote in its issue of September 4 it had this to say:

> Its effect will be neither prophylactic nor therapeutic—it will prevent nothing, neither will it cure. It will do little, considering the price of farmland and tractors, to help him increase the size of his establishment. And rather than protect him from inflation, it will subject him and everybody else to more inflation, because he will not produce with it, just consume.

Then, this editorial ends with these words:

> Isn't it time, in short that they stopped looking upon the small farmer, and the small farmer stopped looking upon himself, as a charity case?

I am sure the small farmer does not look upon himself as a charity case, but I am not so sure the government does not look upon the small farmer in this sense if this is the best he can get from the government on agricultural policy.

Mr. Argue: Mr. Chairman, the amount of money that is involved in this item, and the absence of any formula based on the cost of production, means that the government has abandoned the many promises it made to the Canadian people over the years to provide a system of prices based on parity. The members of the government, for many years, have said to the farmers of this country that if they were elected they would immediately embark upon a policy that would provide such parity prices. This policy—this lack of policy—demonstrates that the Conservative party has finally abandoned the principle of parity and, in the words of the Minister of Agriculture himself, is not providing even deficiency payments to the prairie grain producers.

The type of payment that is being provided by this motion is the worst possible type of payment that could be made. It is a bad type of payment because it is inapplicable, because it is not based on a formula tied to the cost of production, and because it smacks of a handout. The government's position in the past has been very clear. The Conservative party had a handbook in the 1957 election, entitled "Agriculture"—

An hon. Member: And very good.

Mr. Argue: It is very good; before the election what they said was wonderful, but since the election the performance—

Mr. Harkness: Wonderful, too.

Mr. Argue: —ten per cent. The handbook says:

> Regular motions have been introduced into the house by Mr. Diefenbaker in order to secure for the farmer a more satisfactory share of the national income. April 8, 1941:
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> "Immediate steps should be taken to create a parity of prices as between agriculture and other products in order to improve the position of Canadian agriculture so that it may receive a just and fair return."

On March 23, 1953, another motion by the Prime Minister:

> Consideration should be given by the government to the advisability of introducing during the present session legislation to provide floor prices for agricultural products at such levels as to ensure producers of a fair price-cost relationship.

Where is the floor price for wheat, oats and barley based on the fair price-cost relationship? It is nonexistent. As a matter of fact, the floor price gets worse every year in terms of purchasing power. In recent years the initial prices with the exception of oats, which was reduced a couple of years ago, have remained the same and every year the cost of production goes up. On March 12, 1956, just two years ago the Prime

Minister moved in this house a motion that legislation should be introduced to create a parity of prices for agricultural products at levels to ensure producers of a fair price-cost relationship. I wonder if the Minister of Agriculture believes in parity prices? Does the minister believe that there should be a parity of prices for agricultural products at levels to ensure a fair price-cost relationship? I do not think he does.

Mr. Harkness: We provided that in the stabilization bill.

Mr. Argue: A parity of prices—what an emasculation of the English language. Parity prices, which are based on equity, which are based on a price formula related to the cost of production, but what the minister has brought in is a bill, a so-called stabilization bill, that provides floors on a moving average based on market prices. He calls that parity prices. The Prime Minister, speaking at Kipling, May 17, 1957, is reported in the Regina *Leader-Post* as having said that by electing the Conservative party the farmers would get parity prices, cash advances on farm-stored grain. Cash advances have been provided and the farmers want to know when the promise to provide parity prices will be implemented.

The Minister of Agriculture has quarrelled with the term "deficiency payments", as being used by the Saskatchewan wheat pool. He says that what they are asking for is a flat payment. I do not care whether he wishes to call it a flat deficiency payment or some other kind of a deficiency payment, but it is much more adequate than anything the government is proposing in this legislation. It is based on a precise formula, that is that there shall be a deficiency payment sufficient to bring prices up to the level that prevailed over the eight-year period from 1947 to 1955. The Saskatchewan wheat pool pointed out that since 1947 the cost of production has gone up by 50 per cent, while the price of wheat has fallen by 21 per cent. They are not asking for parity prices. If they were asking for parity prices, they would probably be asking for well over $2 a bushel. They are not asking for any compensation because of the increase in the cost of production, even though the increased cost of production has been more than 50 per cent. However, they are asking that there shall be protection of their returns so that with the tremendous increase in the cost of production year after year, they do not have to take a lower and lower price in the succeeding years.

They are not asking for a continuing price but a floor price based on an eight-year average from 1947 to 1955. If the farmers were given everything for which they asked they would still be hard-pressed in meeting this rapid increase in the cost of production. The Saskatchewan wheat pool is heading this drive requesting a deficiency payment of 27 cents a bushel for the 1955-56 wheat crop and a deficiency payment of 36 cents a bushel for the 1956-57 wheat crop. The minister says that the legislation he is providing will do more for the people who need it most. I challenge that statement. I do not think it is correct. The Saskatchewan wheat pool, in their proposition, would provide a basis of payment relating to the marketing of grain up to a maximum of $1,500 per farmer, depending upon the amount of grain that he has produced.

The Minister of Agriculture went on to say that the reason the government is doing this is not because of any change in the cost of production; it is not because of any fall in price levels, but it is because of a short crop last year and this year. Then, the minister says farm income depends on the size of the crop. This is not as correct as saying that farm income depends on marketings. If the farmer markets more grain, he gets more money. Farm marketings have not been low in recent years, and have not been low in this period to which the farm organizations allude. As a matter of fact, even in the year that has just passed there was more wheat marketed than in the long term average. The wheat pool has this to say:

> Moreover, in the last five years while the agricultural problem has been building up, western farmers have delivered more wheat to country elevators than they have on the average for the last 35 years. Canadian exports, likewise, have been above the long-term average in the last two years . . .
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> In short, western farmers have been selling better than average crops during these years of surplus. And they have found, nevertheless, that the cost-price squeeze is forcing them into bankruptcy.

That is a very strong term. Does the minister think that $200 will save the farmers from bankruptcy?

> The disparity between farm costs and farm prices is the major problem. Farm groups are suggesting that it be solved by deficiency payments on wheat, oats and barley delivered during the crop years 1955-56 and 1956-57.

The Prime Minister has offered them a dollar an acre up to $200. In making his statement announcing the $40 million he outlined what he called a comprehensive long term agricultural program. I do not think there was anything really new in it. I do not think there is anything in it that meets the basic problem of the farmer's rising cost of production and falling prices for grain. The first problem the Prime Minister talked about was wheat exports as well as promotion and market development. Yet in recent years we have been marketing more than an

average crop each year and exporting more than an average crop while the farmers go bankrupt. So continuing our exports at the good levels of previous years is not going to correct this problem of the price-cost squeeze.

Then the second plank is a comprehensive crop insurance program. I would be most pleased if such a program were brought about. But what does crop insurance mean? It means at the very best that the farmers will get a smaller income in time of crop failure than if they had a crop. Hence at the very best it will give them less money than when they have a crop. They have had good crops. They have sold good crops. Yet they are going broke. A crop insurance program is not going to cure that situation.

The third point, a food bank for deficit areas in time of crop failure. That is a good program. That is part of sound agriculture. But it does not meet the current price cost squeeze at all.

The fourth plank is long term program of farm loans. That above all will not solve the farm problem. The farmers in western Canada now are much more concerned about paying the debts they have than about getting more debts. While long term credit at low interest rates will be of value in building an economic unit, it is certainly no cure for the problem at hand.

The fifth plank is the means of meeting the small farm problem which the government has talked so much about. The government has under consideration ways and means of improving the level of living of farmers on small farms by means of better land use. That will not do very much. The farmer on a small farm is probably the best authority about how to use his land most efficiently and he is using it efficiently. He is using it so efficiently that he has marketed the biggest crop in history in recent years. So that is not going to get him out of this mess.

The government is going to encourage the formation of economic farm units. The problem is that we have the small farm. Now they say they are going to get him a bigger farm. It means only one thing, namely that there will be fewer farmers. When you get one farmer on a bigger piece of land, there is less land for somebody else because the supply of land is fixed. When you divide it up into bigger units, you have fewer farms. So what they say is that they are going to help the small farmer by getting rid of him and leaving the land to larger farmers on economic units.

As the sixth plank, plans are already under way for a national conservation conference. Judging by the accomplishments of some recent conferences, I do not think too much hope can be given to the producers on the basis of a conservation conference to deal with the whole question of the price-cost squeeze and the economic position of the farmer.

What has been the reaction to this in western Canada? The other day I put on the record some of the comments of Mr. James Paterson, head of the Interprovincial Farm Union Council. I notice that other prominent persons in Saskatchewan have been making statements. I have here in my hand a clipping from the Saskatoon *Star-Phoenix* of September 2. It is entitled "Ottawa 'Deficiency' Payment Piddling, Van Vliet Thinks".

—said Professor H. Van Vliet, head of the farm management department of the university, "reminds me of the Bennett nickel-payment of the 'thirties'." That is, he considered it too "piddling" to be worthy of much attention.

One of the very best agricultural economists in the province of Saskatchewan, the head of the agricultural economics department at the University of Saskatchewan, a man of many years experience in agriculture and in farm economics, a man who is not given to making exaggerated statements, calls the payment piddling. R. B. Bennett, when the pressure was on in 1931 and western grain producers were in a squeeze, brought in a payment of five cents a bushel on wheat. If the government had brought in a five cent a bushel payment on wheat for the two years that the wheat pool is asking about it would have amounted to about $35 million. That would have been almost as much as the government is now providing for; and if they had made comparable payments on oats and barley, it would be more. A five cent payment based on purchasing power of 1931, related to the quantities of wheat marketed in the years 1956-57, and extended to oats and barley, would have meant more today than the $40 million based on the $1 an acre that we have under consideration. This is no better treatment in 1958, in terms of the cost of production and the value of money and the agricultural prices, than R. B. Bennett's five cents a bushel which did the Conservative party in those years more damage than good.

Mr. Nasserden: Why did it do more damage?

Mr. Argue: Because it was not enough. It was something like the $6 increase in the old age pension. Every old age pensioner was glad to get it but it was far short of what was justified and needed and it made him so angry that he voted against the people who had provided the inadequate increase.

I do not think that this payment meets the situation. I do not think it is nearly enough. The second vice president of the Saskatchewan farmers union is reported in the newspapers as saying that he is giving Saskatchewan farmers advice to take the $200 they are paid and invest it in a return railway ticket to Ottawa so that they can all come down here in a mass delegation and impress upon the government the need to provide deficiency payments in keeping with the requests of the farm organizations. This payment of a dollar an acre will mean $200, of course, to the majority of farmers. Will that solve the economic crisis which he faces? How much money is it? It is 55 cents a day. I ask the government to consider how far 55 cents a day will go towards providing the farmer and his family with an income and how far it will go towards paying the cost of production of agriculture in this country?

The position the Prime Minister has taken in this house until recent months in advocating a system of parity prices, a system of support prices, based on a fair price-cost relationship was clearly a good one. It is just as valid today as it was in 1941 and in the subsequent years when he moved these motions. It is needed just as much now and we are apparently just as far away from getting it as we ever have been.

I would hope the government will meet the request of farm organizations for deficiency payments based on what I consider to be a reasonable formula, a system which does not ask for an ever increasing amount related to an increase in cost of production but which merely says there will be support prices which will not allow a further deterioration in the prices of wheat, oats and barley.

A few years ago we had a strenuous debate in this house at the end of the United Kingdom wheat agreement, resulting in the provision of $65 million from the national treasury into that pool. This $65 million was not then felt to be adequate from the standpoint of western farmers, but the need today is much greater than it was then because, since that time, the price of farm products has deteriorated by a very large amount.

Mr. Harkness: Livestock prices are away better than they were at that time and so are dairy prices.

Mr. Argue: The minister did not say when his party was advocating parity prices that the parity prices for grain producers would be forgotten about if the market for cattle appeared to be improved. No, Mr. Chairman, the farmers of western Canada will not be satisfied until the government provides them with a floor price, a continuing one, at a reasonable level and until they feel the government has fulfilled its many promises to provide parity prices. The sum of $200, as I said a few days ago, is worth just $200, and to that extent is welcome, but $1 per acre is a very small part of the amount of money necessary at this time even in the face of very large markets to give to the people on the prairies a standard of living which compares reasonably well with that of other Canadians.

Mr. Diefenbaker: I do not want to take up the time of the committee at great length, but having listened to the two speeches made by the Leader of the Opposition and the hon. member for Assiniboia, there are a number of matters to which I think reference should be made.

I have listened to my hon. friend from Assiniboia on many occasions and he is the most generous man with other people's money I have ever known. He is all for the reduction of taxes, the almost removal of income tax on average incomes, but when it comes to generous promises and statements with regard to what he would do in the circumstances, he has no equal in this house.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I think that tribute is due to him because he brought up an example a little while ago as a passing jibe at the Liberal party, that having increased the old age pension by $6 per month they had thereby annoyed the old age pensioners who, while pleased to receive that amount, found it convenient and proper to vote against the Liberal party. I would say to the hon. gentleman that if the amount of promises resulted in votes in keeping with the exaggeration of the promises made by C.C.F. members before the last election, the numbers in his party would not have been reduced from some 25 to 8, because as I remember it those irresponsible promises indicated $75 per month for the old age pension. The people cannot be deceived by such promises which are made simply for political purposes.

One of the major reasons—and I say this with great respect to the hon. gentleman to whose advocacy I have always paid the strictest regard—for the diminution of national support for the party he represents is the irresponsible nature of the promises made by those associated with him.

I take second place to no one—

Mr. Pickersgill: In making promises.

Mr. Diefenbaker: —in my desire to see that agriculture shall receive its fair share of the national income, and that has been the purpose and the aim of the government which I have the honour to lead. We have gone forward

in the last 15 or 16 months during which time we have been in office to a degree that has met with the support of farmers generally across Canada as well as other citizens.

I know it is a great tribute to us that it is expected that all the promises we made would be completely implemented within the short time we have been in power. I ask my hon. friend to go across this country and to see whether the reaction he finds is not that never before in Canada has there been in such a short period of time during which a government has been in power when so many of its promises made to the electorate of the country have been carried out.

No matter what is done, my hon. friend will always say it is not enough. This will be the case no matter what course is followed. For years he was advocating, and in this he joined with the rest of us, the Saskatchewan dam project, but when we proceeded as one of our first acts to implement our promises in that regard we receive from him that qualified approval that we have not done enough in rendering at least $75 million available to the people of Saskatchewan.

One of the first acts of this government when it assumed office was to commence a review of the agricultural policies and these studies have been productive of legislative and administrative action which has materially benefited agricultural producers in all parts of Canada. I point out to my hon. friend that while I am not among those who accept in their entirety the Gallup polls which are taken from time to time, since this parliament began we have received an increase in support from the farmers as well as from other citizens of Canada because this government has gone ahead in an endeavour to bring about a new concept of implementation of promises made at any time heretofore. One of the first acts of this government when it assumed office in the development of our agricultural policy was the legislation passed under the title of the Agricultural Stabilization Act which provides Canadian farmers with a degree of security they had not known before.

I should like to review briefly what this measure has achieved for Canadian farmers. As hon. members know, the Agricultural Stabilization Act provides for the mandatory stabilization of the price of nine key commodities at not less than 80 per cent of their average price for the preceding ten years. These nine commodities represent 65 per cent of the farm cash income apart from western cereal grains. This act also provides for the stabilization of prices of non-mandatory commodities at levels fixed by the governor in council.

[Mr. Diefenbaker.]

The effective prices fixed for the mandatory commodities have been about 100 per cent of the previous ten years average for butter and cheese, 85 per cent for eggs, 84 per cent for hogs and 80 per cent for cattle, sheep and wheat, oats and barley outside the wheat board area. Then other commodities for which stabilization is not mandatory have also been brought under the act at prices reaching up to 90 per cent of the ten year average for soy beans, 93 per cent for sugar beets and 110 per cent for wool.

The steps taken under this act have been successful in preventing serious price declines in several commodities. In others they have provided a measure of price assurance for farms which has enabled them to plan their operations with a high degree of confidence.

"Done nothing", he said. "Taken no steps in a year to implement the promises." But the hon. member will remember that under the stabilization act regard is had to the cost of production so as to bring about as far as possible that degree of security for the farmer which will bear a fair relationship to the cost of production.

In so far as the prairie farmers are concerned, while support was given to the measure when it was first introduced by the hon. gentleman and by those associated with him, it was always subject to some suggestion that it was not enough or that there was something wrong with it. The hon. gentleman has fine ability but he is developing a carping attitude. No matter what is done he always has to carp, he always has to indulge in some small criticism. This is not in keeping with what he used to be, and I point this out to him as one who has listened to him throughout the years with interest and admiration. The hon. member has developed a tendency which is dangerous to one so young as he, an attitude of continual carping, a continual dealing with small things, never prepared to say that anything is right or that steps are being taken in the direction of improvement.

To meet the specific regional problems of our prairie farmers, interest-free cash advances to the amount of $34.5 million were provided to some 50,000 farmers on their farm-stored grain. I have already referred to the South Saskatchewan dam irrigation project, which is a major matter of benefit to agriculture. I can also refer to the steps that have been taken to prevent the dumping into Canada of agricultural products so as to preserve for the Canadian farmers their proper markets and to safeguard them against this type of competition which bears no relationship to actual cost. These are some of the things that we have

done. These are the courses that we have mapped out. Our objective is unchanged, namely to raise agriculture and the other economies of our country to a level in keeping with the general situation prevailing within our country and internationally.

Today the hon. member grudgingly admitted —I think it was a grudging admission, by his attitude and his manner of speech—that last year as a result of a vigorous export policy by the Department of Trade and Commerce Canadian exports of wheat rose to 317 million bushels, the highest in five years, at a time when other exporting nations had experienced major declines in their sales.

These are some of the things that we have been able to achieve in a matter of 15 months or slightly more, during a portion of which time we were absent from our duties because of an election campaign. These are some of the things which we have done. I set out the plan for the future and the course to be followed at the election as we proceeded step by step, and in the meantime made provision to assist, in particular, the small farmers by payments as provided in the estimates now before us.

I listened with interest, also, to the Leader of the Opposition. He dealt with agricultural matters. He spoke of the cost-price squeeze. I do not seem to remember that at any time when he was in a position to do something on behalf of western farmers or on behalf of farmers in general across Canada he showed anything like the enthusiasm which he is displaying today. We talk about promises. I have some here. These are the agricultural promises made by the hon. gentleman in his speeches across the country, things which could have been done, action which could have been taken during the years in which the government to which he belonged was in power. During all those years we asked for some action. Today when action is being taken and when a course is being followed which will bring about the rehabilitation of agriculture to a state which it has not enjoyed in recent years, the answer given by the hon. gentleman is that from the paper from which he quotes so frequently, or from the group of advisers who served him so ill only a few months ago by the advice they gave him then. It is an interesting attitude, the one shown by the hon. gentleman. He is ambidexterous, if I may use that expression. He says: "Oh, it is $40 million, but it is not worth while considering; it has no principle."

The principle was set forth by the Minister of Agriculture, and I set it forth the other day. It is a provision that is meant to meet an immediate situation. The amount in question is, as I stated the other day, more than the amount which for so many years represented the request on the part of hon. members of the C.C.F., the amount that would have to be paid into wheat board funds in order to secure for the farmer under a two-price system a fair and proper return for that portion of his wheat production which is used in Canada.

We have taken this step. We intend to carry out by gradual stages a policy to bring about the achievement of that which we advocated through the years. My friend the hon. member for Assiniboia talks about marches on Ottawa. That is something he has been trying to get the farmers to do for months. I have read the speeches he made out there. He called on the western farmers to march on Ottawa and they told him to march back to Ottawa by himself. All over western Canada he has been bringing about that new form of democracy that consists in having the farmers march. He spoke about it again today. He said the $200 could be used by the average farmer to buy a return ticket.

Mr. Argue: It was the second vice-president of the Saskatchewan Farmers' Union who made that statement.

Mr. Diefenbaker: The hon. gentleman has been able to produce one or two but he has not been too successful on the whole. He went out to western Canada. He talked to the farmers and urged them to march. "On to Ottawa!" was his cry, but he came back by himself.

Mr. Chairman, this is part of an agricultural policy designed, as the Minister of Agriculture said a moment ago, to meet an immediate situation. When the next session arrives we intend to introduce a measure for which the farmers have asked from the earliest days in western Canada, something which has also been requested by farmers in other parts of Canada, an insurance plan to bring about the assurance of at least a modicum of income, that degree of income which will not cost the farmer too much to assure himself of, and through which during the dark days of drought the farmer may be assured of at least a fair and reasonable rate of return. That is one of the things that came about under the Prairie Farm Assistance Act. That met the situation in the western provinces to a degree. That legislation was placed on the statute books as a result of the initiative of the Right Hon. J. G. Gardiner. It has been expanded, it has served a successful purpose and has been beneficial. Farmers generally are today asking for something further in that direction and it is because they are asking

for that we intend to provide the opportunity at the next session of parliament of taking this further step.

I am not going into the question of deficiency payments. I dealt with that on the other occasion and I am not going to take the time of the committee to deal with it again. I pointed out that during the election campaign and prior thereto I had stated at no time that deficiency payments would be introduced. At no time did I directly or indirectly promise deficiency payments. What I said was that this was one of the suggestions made by the farmers that would receive the fullest and most sincere consideration. We gave it that consideration for weeks on end. We listened to the views of economists. We discussed the general situation in so far as international trade is concerned. I placed our reasons before the house when I mentioned the particular item of $40 million. At that time I explained that deficiency payments applied to deliveries of grain would fail to help those producers most in need and would require very large subsidies from the federal treasury.

My friend the hon. member for Assiniboia talks about 10 per cent. What he is asking for apparently is $400 million. If $40 million is being given at this time by way of advance, is it 10 per cent?—

Mr. Harkness: Less than 10 per cent.

Mr. Diefenbaker: Yes, less than 10 per cent. Let us be reasonable. Does my hon. friend suggest that there should be made available at this time over $400 million? That is the kind of argument that brought about the situation in which he and his party find themselves today. No farmer with whom I am familiar in the western provinces has been other than reasonable throughout the years. They have not asked for the impossible. They have requested a reasonable return. I speak for the large body of those in the western provinces who throughout the years have known that when I spoke to them I have represented the facts as they were.

The government made a careful study of this matter. The serious implications for our export trade have not been answered. The subject was conveniently neglected by hon. gentlemen who have spoken. Deficiency payments to producers will be classed as a producer subsidy and grain entering export trade may be liable to countervailing duties in certain countries.

When we tried to do something on behalf of the farmer by bringing in anti-dumping legislation my hon. friend the Leader of the Opposition said, "Of course I am for it, but we are against it". On both sides of the question in so far as GATT is concerned of which he spoke so eloquently, were we to enter into the scheme that is advocated in the form in which it is suggested we would find ourselves immediately in difficulties in our export trade.

Mr. Gour: You are out of order speaking about GATT.

Mr. Diefenbaker: In so far as our exports to the United States of oats and barley are concerned, as I said previously, close to 100 per cent of our export trade in oats is to the United States and one-quarter of our export trade in barley is to the United States. To bring into effect these payments on these two particular grains would result in action being taken against us which would be nothing but detrimental to the Canadian farmers as a whole.

We gave the fullest and most complete consideration to this question. I myself know something of the western farmer and his problems. I know it from those days long ago, the earliest days. I know the difficulties experienced by the farmers in those early days when we went on to land that was entirely virgin. I experienced those days and I know those difficulties. That is one of the reasons why the policies we have enunciated were designed in order to meet that condition.

We took steps at the last session in so far as cash advances are concerned and also under the Agricultural Stabilization Act. This session we took steps, as we have since we came into power, to meet the terrific competition that farmers are receiving through imports of agricultural products from other countries being dumped into the markets here to the detriment of Canadians. We have taken the necessary steps at this session. We took action with respect to rehabilitation through the South Saskatchewan river dam. In addition to that we made provision for an immediate situation. At the next session our further unfolding of the program that was enunciated will be carried out to the end that agriculture will be able to attain that position wherein a degree of fairness and justice will be assured not only to farmers in western Canada but to farmers generally throughout the country.

Mr. Rapp: Mr. Chairman, in rising to speak on these estimates I should like to say at the outset I am in full agreement with the principle of the motion to make payments to the western grain producers for which approval is sought in the estimates that are before us. I am grateful to the Prime Minister for introducing this legislation and to the ministers who were so instrumental in drafting a formula under which payments will

be made on an acreage basis so that every farmer will benefit. The $40 million proposed in the estimates will be of assistance to the western grain growers who have been labouring hard under the price squeeze in which they have found themselves over the last few years. One must be a grain grower to know what it means to produce under such a cost of production. Taking into consideration the so-called price squeeze that has been with us for a long time, without any attempt having been made in the past to prevent it or cope with it, this payment cannot be expected to rectify all the evils of the past. However, it is reasonable to assume that the $40 million proposed as payment for one year will have an effect on western agriculture and will alleviate some of the hardships experienced in the past. Indeed, it will go much further than the agricultural policy that we heard so much about last winter, namely the ten cent increase in the initial price which money in the first place belongs to the farmer.

Had steps been undertaken in the past or even as late as 1955 when it was apparent then as it is now that the price the farmer was receiving for his produce was away out of line proportionately with the prices he had to pay, the situation would not have been as grim as it is now. Consequently the effect of this payment at the present time would have been much more beneficial as the need would not have been as great as it is now.

With the way the situation is now it will be expected that the forthcoming payment should correct all the shortcomings of past years but it must be admitted this is almost impossible without putting too big a burden on the treasury in one year. The part I like most about the action taken, and I know it is appreciated by many farmers, is the fact that this is only one part of a long range program for Canadian agriculture. As stated by the Prime Minister, under this policy, among other benefits, the farmer will find protection from such hazards as drought, frost and crop failures of various kinds.

This is a policy which has been advocated over the years by farm organizations and authorities on agriculture. If it is implemented it is hoped it will put agriculture on a sounder economic basis. In my opinion this program will go a long way towards achieving the ultimate goal, namely to give the farmer a fair return for his investment and labour and to place him in the same position as other segments of our nation by giving him a fair return for his investment and labour.

I would be failing in my duty if in connection with this estimate I did not mention the agricultural amendments implemented during this session, namely P.F.A.A. cash advances and others. All these acts were amended to meet changing conditions in agriculture and I know that if changes should be necessary in the future in connection with what we are now discussing they will be forthcoming.

Finally, I should like to say that I am pleased that this estimate has been brought in at this time. If it had been introduced last winter or before March 31 it would have been classified as just election bait but now it will serve as a clear indication that the government is concerned with the welfare of all sections of our country. On behalf of the western grain growers and myself I should like to ask the house to approve the estimate before us to provide for payments to western grain producers in accordance with the regulations of the governor in council.

Mr. Carter: Mr. Chairman, in replying to the Prime Minister's announcement of this policy a few days ago our leader had this to say, as found on page 4348 of *Hansard* for August 30:

> I am thinking particularly at this moment of the fisherman who has also had his hard times, and who perhaps will look with a certain amount of envy to this kind of action taken by the government for the grain producers.

Naturally, Mr. Chairman, we do not object to this legislation but, as has been pointed out, our fishermen can suffer from the failure of the fisheries just as farmers suffer from the failure of crops. My purpose in rising at this time is to call to the minister's attention the fact that the fishery has failed this year in many parts of Newfoundland, and we hope that the same consideration and assistance will be given to the fishermen as is being given to the farmers under this legislation.

Mr. Pascoe: Mr. Chairman, as a western farmer I had intended to take part in the discussion of this supplementary payment of $40 million to the prairie grain producers. No statement is necessary from me now. I want to thank the Prime Minister and the Minister of Agriculture for answering opposition statements so fully. The statements of the Prime Minister and the Minister of Agriculture will be very carefully studied by prairie farmers and I suggest that they will be well received when considered in relation to the government's long range agricultural policy.

There is one important aspect of the government's farm policy that I should like to emphasize for a moment because it is a part of the long range program. I refer to the farm cost survey on the prairies late this fall. I want to congratulate the Minister of Trade and Commerce on his announcement of July 19 of this farm cost survey. On July 19, as

found at page 2469 of *Hansard*, the Minister of Trade and Commerce said:

> I believe it will meet a very great need because we are always encountering the problem of cost and income in so far as agriculture is concerned.

Such an inquiry into farm costs is greatly needed in the formulation of the government's long term agricultural policy. Such a step should have been taken years ago by the previous government. The fact that they did not undertake such a survey and did not have any definite figures explains why their agricultural policies during 22 years lacked any long range objective.

There has been a great deal of loose talk about farm costs. I say "loose talk" because definite figures are not available. When I was in Ottawa with the prices board in the 1940's the question of average farm costs was always coming up and no one had a definite answer, not even the farm organizations. I recall one conference of prices board officials with farm groups when the question of the cost of producing a bushel of wheat was raised. There were almost as many different answers as there were farmer representatives in the room.

I mention this, Mr. Chairman, in this committee to emphasize the importance of the farm cost survey this fall. The undertaking of this farm cost survey indicates the determination of this government to tackle and solve Canada's farm problems. I am sure that the prairie farmers will accept this $40 million supplementary payment in the spirit in which the government is paying it, as immediate help in a problem that can only be solved by a long range program, such as a program of better farm credit, national crop insurance, better land use and greater wheat sales, which this government is undertaking. The farm cost survey this fall is, as I said before, an indication of this government's determination to tackle the farm problem and to solve it.

Mr. Nasserden: In rising to take part in this debate, I am reminded of a day many years ago in the history of our country when the minister of agriculture saw his sincere efforts to help misunderstood by those whom he sought so diligently to assist. I refer, of course, to the five-cent payment to which reference has been made in this debate, a payment that was made during the period when the Hon. Robert Weir was minister of agriculture. This payment went to the farmers who produced the grain, but did not go to farmers who did not have those bountiful crops of grain. It is for this reason we have this estimate based on an acreage payment which will go out to farm people, and which will give them something to make up the difference between the sale price and the cost of production.

During the past several days I have had reason to think back over the past 20 years during which I have been actively engaged in the agricultural industry. Before that, I recall doing the chores on my father's farm. I recall various responsibilities from time to time, and particularly those which resulted from service in positions which resulted in one being continually confronted with the problems of agriculture. On this occasion I should like to put on record, for this parliament and for succeeding parliaments as well, the acceptance of the government's action, with the usual reservation that they pursue this whole matter of farm security and the attempt to ensure that the people engaged in this industry shall enjoy a fair share of the national income. The Prime Minister did a creditable job today and a few days ago in presenting the overall agricultural situation in this country, that is as creditable a job as anyone could do before the report of the price spreads commission is made public and before the survey that is now being conducted into farm living costs and costs of production in these various areas of Canada where agriculture forms the basic industry is completed.

It seemed to me that as he spoke the other day, and again today, he spoke as no other man in the recent history of our industry or of our parliament has spoken on behalf of those engaged in the agricultural industry. He spoke with a feeling that came from recognition of how closely the farm people of this country are confined to overalls. This is one of the reasons why I am convinced that the legislation which will follow will be the type that will endure for many years to serve this industry that is basic to Canada's economic welfare. From the very beginning, I have been one of those who has held the view that our first consideration should be the adoption of those measures which will help to build a sound national policy and which will apply with equality to farm people in every segment of our industry and in all parts of the country.

What is of even more importance is the fact that this session has resulted in the development of some of the bases of that agricultural policy, and of equal importance is the fact that even now the remaining part of that program is only awaiting the application of a reliable basis upon which to put these things into operation for the benefit of the people in all parts of Canada. The present item in the estimates is a short terms measure which will be welcomed by the farmers in western Canada, especially in the light of the long

term objectives which have remained untouched over a period of years by those who today form the opposition group in parliament. I do not think that anyone in western Canada will seriously consider this assistance as peanuts, as was suggested by the hon. member for Assiniboia the other day, nor do I believe his reference to it as a pittance will go down very well with many thinking farm people. At the same time, I acknowledge that does not mean that the needs of the western farmer have been fully met.

The stabilization bill fulfils a widespread need in many parts of this country, and it will become increasingly important as the production of livestock continues to increase in our province. Earlier in the estimates we had an item of $17,500,000 to reimburse the eastern feeder for his purchases of western grown grains. This measure is designed to help the eastern farmer, but at the same time it is an incentive to the movement of western grown grains which the western Canadian farmers certainly appreciate.

This session of parliament has granted, almost to the last detail, those things for which the farmers in western Canada have asked. There has been the amendment to the P.F.A.A. to which all who produce grain in western Canada contribute on every bushel they sell. The problem of crop insurance and farm credit has been under study, and the Prime Minister has held out hope that those things will be brought before us at the next session of parliament.

The government must have had a good reason for deciding that farms of 200 acres or less were the ones upon which to base their short term assistance. Some people in western Canada will be disappointed that the government did not decide on a unit that could more properly be described as an average size farm in grain growing areas. I have given this matter a great deal of consideration, and have come to the conclusion that perhaps as a result of this choice the government has allowed a principle to be established upon which farm people will be able to build a powerful case when the ranks are finally closed as between farmers in all parts of Canada, and when they come armed with the statistical data to establish their right to a full and fair share of the national income.

From each of the western provinces there have been those who have devoted themselves diligently and faithfully to their constituents in this matter. It has been a source of satisfaction to be associated with them in the agricultural caucus of our party. I think it is only fitting that on this occasion so near the end of the session I should express the appreciation and satisfaction that has come to us all as members from other parts of Canada have shown the same desire and capacity to envision a truly national policy for agriculture.

If I have one regret in this whole matter I hope that I may be pardoned. It is that the constituency of Assiniboia did not have a representative in the government caucus to speak for the people of that great grain growing area of Saskatchewan. Their representative in the commons could only ask the question: "When?" It did not matter how many times he asked that question, it did not add a single dollar to the amount embodied in this estimate. In fact, the hon. member for Assiniboia seems to have forgotten—

The Deputy Chairman: Order. In this item 663 I do not see anything mentioned about the hon. member for Assiniboia. I would greatly appreciate it if the hon. member would stick to item 663.

Mr. Nasserden: The policy of this government in providing funds to purchase wheat for disposal in certain areas where we might not otherwise be able to secure a commercial market is one that should assist in the reduction of our wheat carry-over; and to the extent to which that carry-over is reduced, deliveries will be increased from farms in western Canada. This should have a relieving effect on the problems arising in those areas where yields have been above normal. It would appear to me at this time there should be little wheat left on farms at the end of this crop year, owing to natural crop conditions as well as the marketing policy and disposal plans of the government.

I should like to say also that I am one of those in western Canada who produce grain. Our harvest started about two weeks ago, and I have had to curb my impatience to hear again the rhythm of harvest machinery, a tune that shells out Canada's second largest single export item. That should be a reminder to people in all parts of this country that we are fortunate in Canada indeed to have the cereal producing areas within our borders.

I should also like to say that it should be a reminder to people in all parts of this country that without these resources of cereals we would be bidding in the export market today for bread grains. Maybe then people in this country would appreciate the value of a bushel of wheat in relation to the incomes that they enjoy today.

During the past two weeks, awaiting the introduction of this measure, I have had the leisure to re-examine the history of the party that first won my loyalty at a time when there were few indeed who were giving it a second thought as an instrument through which to achieve some of the principles important to the industry in which I found myself. During

that period I have taken the trouble to re-examine the history of the farm organizations and the industry in which I find myself, and to chart the progress that has been made from time to time as a result of the dedicated efforts of those organizations. Being as closely associated with some of that history as I have been, any assessment of farm legislation on my part is naturally critical. Yet, taking all things into consideration, I find that I am almost unwillingly enthusiastic about the measure of achievement that has been chalked up by the members of this government at this session of parliament that today records a breadth and sum of achievement never before achieved by any party anytime hitherto in the history of our country.

Mr. Argue: I enjoyed the remarks of the Prime Minister immensely, Mr. Chairman. I do not think he has been in better form except perhaps on that famous day of January 20, I think it was. I know that in relation to the seriousness of the debate and the degree of concern one sees, the Prime Minister puts every effort into his speech. He is a tremendous orator. There is no doubt about that. He has the largest bag of tricks of any hon. member in this house. We appreciate that fact from knowing the hon. gentleman for many years. I do not know whether, when he was in the opposition, his criticism was carping but it was consistent. He was the most critical that I think has ever sat in the opposition, even more critical perhaps than the present Minister of Public Works.

Mr. Green: Oh, no. Leave me out of this.

Mr. Pickersgill: It was a neck and neck race.

Mr. Argue: How the Prime Minister used to needle the government. He would get the Right Hon. C. D. Howe so angry that he would make statements that were so unparliamentary that I would not want to repeat them. The Prime Minister is a very able politician. He knows when things are going well in the house and the minister conducting the legislation is doing an excellent job, that the legislation is airtight and that he then does not have to pay this meticulous attention to the debate of the house. But I do not recall a Prime Minister who began a debate originally by a very long statement—an almost unprecedented statement by way of length—on motions regarding an item that was to be passed in the estimates by one of his colleagues and, after having made a very long statement and after having outlined in addition to the temporary policy, the long range vision of what might be done in many years ahead, comes into the house and makes a very strong statement on the item itself.

I think I have known the Minister of Agriculture as long as I have known the Prime Minister. He being an Alberta man or a prairie man and conversant with the grain problem, I thought that probably he would be taking a much more prominent position in this debate than that which he has taken so far. As I say, when the case is very weak, the Prime Minister makes up for it by pulling out all the tricks. He ridiculed the C.C.F.; and when I am the only member from the prairies on the opposition side that is not hard to do. The Prime Minister has 47 of the 48 members. I do not really think that is because the C.C.F. did such a bad job in the opposition. I think it is because our hon. friends in the official opposition, when they were in the government, did such a terrible job and the people on the prairies were so anxious to get rid of them they said, this is the party that probably has the best chance. The farmers today are caught in the price-cost squeeze. The C.C.F. candidates were caught in a political squeeze. But I do not think that pointing out that the Conservatives have 47 members from the prairies, the C.C.F. have one member and the Liberal have no members is really a good sound argument in favour of anything.

I do not think that by following this course the Prime Minister is really doing himself justice. Oh, I can remember when he was the lone wolf from Saskatchewan, the one Conservative member. That was also mentioned in this house, and he was not allowed to forget that it was the policies of R. B. Bennett which had made it impossible to elect a Conservative in Saskatchewan either provincially or federally with the exception of my hon. friend. But he built for himself a good reputation in this house as the only Conservative from Saskatchewan, the reputation of being in the opinion of many Saskatchewan people a very forceful and authentic voice of the true wishes of the people of that province.

I have no hesitation in saying today that I believe in advocating and in championing the deficiency payments for which the farm organizations have asked and not only the farm organizations but the boards of trade, the retail merchants associations, the municipal associations, the teachers associations and some of the church conferences which have passed on this question and that I am no less speaking for them at this time than was the Prime Minister when he spoke on other matters in other days.

I say this because I believe the people of Saskatchewan without reference to party

believe that the prairie people are entitled to something more than is contained in these estimates.

I thought as the Prime Minister was talking that we were back to the throne speech because he referred to a great many things which had gone on during this session, but there was one reference which I noticed he did not make. He did not say "I am still for parity prices". He forgot all about parity prices and all about his statements in the past. I think the Prime Minister used to be in favour of parity prices, in fact I know he was. The Minister of Agriculture never was, never has been and is not today. If there are some things which make us excited in this house, one thing which makes the Minister of Agriculture excited is an argument on parity prices.

Mr. Harkness: It does not affect me at all.

Mr. Argue: He sees in parity prices a great danger to the country. He says, "Look at the Americans who tried it." That did not prevent the Prime Minister himself over the years from advancing this policy day after day.

The Prime Minister has said that the farmers today enjoy a degree of security never before known. I will let the farmers themselves decide whether or not that is true, whether they are better off today with the average price of a bushel of wheat at $1.23 or whether they were better off in 1943 after the price of wheat had been increased to $1.25 a bushel. I will let them judge whether they enjoy a greater degree of security than ever before in the light of the reduced final payment on the 1956-57 crop year by 5 cents or 6 cents a bushel. I will let them decide whether they are in a better position with a continuing increase in cost of production.

The Prime Minister has said the government has kept its promises; he has talked about the commitments the government has made and some of them have been met. When they have been met we have fully supported such legislation, but some of the promises have not been kept. We were going to have a report on the old age pension system in the United States within three or four months after the appointment of Dr. Clark. We have heard nothing of it yet and I thought we were going to have immediate action after the receipt of the report. We knew there was going to be a federal-provincial conference; we knew that, the government said so, but it has not taken place. So that promise has not been kept. There was going to be no suffering from unemployment in this country—the Prime Minister said that too. He said, "No unemployed person will suffer under this administration" or words to that effect, but we still have very, very widespread unemployment and a great many people think that this coming winter will be—

Some hon. Members: Order.

Mr. Argue: I am out of order—the Prime Minister was out of order and other members were out of order. The Prime Minister dragged in everything but the kitchen sink and I am at least sticking to some of the promises made by the government.

The Prime Minister made a great to-do about what he said was my general reaction to anything done by the government, that it is not enough and that it should be a lot more. I would say that is a reasonably consistent stand which I take, although I know of many, many things, probably most things passed in this house, which I have supported without question, because almost every item which goes through this house goes through unanimously.

I think, however, that the role of the opposition is as important as is the role of the government. The role of the government is to bring forth legislation and that of the opposition is to criticize such legislation and to point out its weaknesses. I believe that more could be done for western agriculture than is being done and that more could be done now. I would say to the Prime Minister that when I am fully satisfied with everything the government does, then I will cease to be of any value as a member of this House of Commons because it is the duty of members of parliament to do their best to improve the legislation before the house.

The Prime Minister said I am always trying to promote a march on Ottawa. I believe I mentioned that a couple of years ago—

Some hon. Members: Oh, oh.

An hon. Member: More recently.

Mr. Argue: No, I think I have used the words "mass delegation" since that time.

Mr. Diefenbaker: Oh no.

Mr. Argue: If the Prime Minister would just hear me, I would say, with respect to his suggestion that I have been promoting a march of the farmers on Ottawa, that I am not denying that nor am I agreeing with it. All I am saying is that I believe I used the word "march" a couple of years ago but to the best of my knowledge I have since referred to it as a mass delegation.

Mr. Churchill: To Ottawa.

Mr. Argue: I would remind the Prime Minister that while he can take his pick and

he can use any word he likes, certainly all statements about mass delegations to Ottawa do not emanate from me. They are from other people who are interested in sending a mass delegation to this city, and I know from acquaintance with the directors of the Saskatchewan wheat pool that at their general meetings over the last few years they have asked their board of directors to so press the deficiency payment policy approved by their organization upon the government that they would get a decision from the government and, failing a favourable decision, to undertake the organization of a mass delegation to Ottawa. It is not something new; it has happened before, and in fact it happened in 1942 when the Prime Minister was a member of the opposition. It can happen again, depending, I am sure, on what kind of legislation is forthcoming from the government in the days ahead. The farm organizations have carefully considered the question and they are advocating deficiency payments and they are dissatisfied with the item now before the house. They consider that if these requests are not met they will send an organized mass delegation, which is their right in a free country, to wait on this parliament and on this government in Ottawa.

I have no hesitation in repeating that I believe prairie people generally do not feel that this sum of $40 million is adequate and that they are asking for deficiency payments as set forth by their farm organizations.

Mr. Churchill: I shall not detain the committee over long, but I do think in view of some remarks which have been made this afternoon by the Leader of the Opposition and by the hon. member for Assiniboia that a few facts should be placed on the record which will be helpful to those people who will be reading this debate with a great deal of interest because the subject is of very considerable importance to the farm population of western Canada.

In view of the representations that have been made to us during the last 14 months and the importance attached to this subject I think it would be helpful if some pertinent facts were inserted amid the remarks that have been made this afternoon. When the representatives of the farm organizations—the pool organizations—came to see us in January to present a brief relating to deficiency payments and other matters they pointed out that several countries of the world were making deficiency payments to their wheat growers. This argument has been used on many occasions and it is very plausible until we examine it carefully. They drew our attention to the fact that the following countries assisted their wheat growers from a figure of $2.06 a bushel up to as high as $4.03 per bushel. They listed the following countries:

Ireland	Germany
United Kingdom	Brazil
Belgium	Italy
Japan	Norway
Austria	Switzerland

They said to us: this is the type of support which is given elsewhere. But with the exception of Italy, which now and again exports some wheat, the other nine countries are all steady annual importers of wheat, and the deficiency payment as used in those countries is used as a stimulus to production. They are trying to raise the level of production so that they may cut down their imports, and that is why they have made use of these deficiency payments. A deficiency payment used for this purpose in a country such as Canada which is a great exporter of wheat would not be anything like as helpful.

The deficiency payment asked for by the farm organizations was based on a bushel payment idea, which means that those who had wheat to deliver in the years 1955, 1956 and 1957 would be the ones who would get the benefit. They paid little attention to those who were in the position of having little or no wheat to deliver. Yet one of the basic problems facing western agriculture has been the variability of income due to the variability of crop conditions. Everyone in western Canada is familiar with that situation, and people throughout Canada should be conscious of it, too, because as the income of western agriculture declines the whole economy of Canada suffers, and it can decline anywhere between $150 million and $200 million a year depending on the crop that is harvested. This is really the basic problem affecting agriculture.

I do not overlook the problem raised by several hon. members and by representatives of the farm organization with regard to the cost-price squeeze. That is a pressing and perplexing problem, and it has to be met in so far as it can be met. Nevertheless the basic problem is this one of the variability of income and I should like to indicate some figures with regard to it. We are familiar with periods of high income and periods of low income on the prairies and although technological improvements and marketing techniques have tended to reduce this variability, for the foreseeable future it will remain a feature of any western farm economy not rigidly controlled.

A comparison of income per farm over a period of years must recognize the fact that the average size of farms has been increasing rapidly and that the "statistical" average income of all farms is much less than that of bona fide commercial farms, as a result of

the inclusion of many very small farms in accordance with the census definition.

The average income per farm in the prairie provinces adjusted to constant dollars—1948-57=100—varied between $1,714 and $6,631 during the period 1935-57. The average for the period was $4,255 and in 1957 was only fractionally lower at $4,242. The pattern of the changes was one of rapid if sporadic, increase from 1935-52, followed by a fairly steady decline. However, even expressed in constant dollars, income per farm in 1957 was still one third above the 1935-44 ten year average.

Income per improved acre adjusted to a constant dollar value—1948-57=100—also varied widely during the period under review, from a low of $8.47 to a high of $22.96 per acre. In 1957 adjusted income per acre was $13 as compared with an average of $15.85 for the ten year period.

The average annual income per acre from wheat, adjusted to a constant dollar value—1948-57=100—for the prairie provinces fluctuated between $10.91 and $33.02. The average for the ten years was $20.95 and for 1957 was $18.85.

Mr. Pickersgill: I am rising on a point of order, Mr. Chairman. I refrained from making any comment on this vote but I, like my hon. friend from Burin-Burgeo, would have liked to point out that not only in agriculture but in the oldest industry of Canada, the fisheries, fluctuations in price of this character take place. What the minister is doing now is making a long academic discourse, and it seems to me to be quite out of order and unrelated to this item.

Mr. Churchill: On the contrary, I am putting on the record facts, something which the hon. member for Bonavista-Twillingate has always strenuously avoided. He deals so much with theory and gets so aroused emotionally over various problems that it is difficult for him to deal with the facts of a situation, and that is exactly what I am dealing with on this occasion.

Mr. Pearson: A point of order has been raised, and perhaps the minister could sit down long enough for it to be determined.

The Deputy Chairman: There is no question but that the Chair has allowed quite a lot of latitude this afternoon, but I think, that hon. members should come back to this item No. 663, because if the chair allows latitude to one it has to allow it to another.

Mr. Churchill: There was considerable discussion with regard to the cost price-squeeze and all those other matters affecting the income of prairie farmers, and these points I have mentioned are related to that.

The Deputy Chairman: There was no objection raised when that happened, but now an objection has been voiced the Chair must bring members back closer to this particular item.

Mr. Churchill: Mr. Chairman, it is extraordinarily difficult when the Chair is obliged to restrict a speaker after allowing so much latitude but I shall certainly respect the ruling. May I make a few comments with regard to marketings and exportings of wheat which are related to this problem. The hon. member for Assiniboia mentioned that and said that over the years marketings had remained very constant but may I point out that these marketings would not have remained at the high level at which they have been the last few years had it not been for a vigorously pursued export policy. That was dealt with by the Prime Minister who indicated that we had set a record this year of 317 million bushels of wheat for export of which 23 million bushels constituted an increase in our cash sales and 32 million bushels represented loans and gifts to the Colombo plan countries.

The suggestions for deficiency payments have run into enormous sums of money but it is sometimes overlooked that we are now expending a considerable amount of financial support. Let me just illustrate that. In this vote there is provision for $40 million. There were excess storage charges on wheat running between $35 million and $40 million. During the course of the last crop year approximately $50 million was expended by way of outright gifts or long term loans for the export of wheat. The payments for this year under P.F.A.A. may run between $25 million and $30 million. During the course of one year we have expended approximately $150 million to $160 million in support of western agriculture over and above the advantages that accrue from low freight rates on grain moving to our ports.

The long range program is part and parcel of this vote which we are considering today. In conclusion I would suggest that in that the essential and most important factor is to press on with an export program with respect to wheat that will reduce the surplus that has been hanging over our heads in this country for some time. That surplus was reduced during the course of this crop year by over 100 million bushels of wheat and in the coming crop year it may be reduced by an equal amount or more. However, we will still be left with a considerable surplus of wheat in Canada. Unless that surplus of

wheat is moved there cannot be marketings and deliveries by farmers to the elevators and hence there will be a reduction in the income of the individual farmer.

By and large our program and this assistance is aimed at assisting the smaller farmer in western Canada who deserves that type of assistance and who will constantly receive the sympathetic attention of this government.

Item agreed to.

The Deputy Chairman: That completes the estimates.

Resolutions adopted in committee of supply this day reported and concurred in.

WAYS AND MEANS

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

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

Mr. Fleming (Eglinton) moved:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1959, the sum of $1,898,604,644.89 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-61, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—

Mr. Pickersgill: Mr. Chairman, what is the total amount? Will the minister tell us that?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. The total amount provided for by this bill is $1,898,604,644.89. It is the amount appropriated now, the three earlier appropriation acts for the fiscal year 1958-59 having already appropriated sums totalling $1,866,884,889.11, making a grand total of appropriations including the main, supplementary and further supplementary items of $3,765,489,534.00.

Clause agreed to.

Clauses 2 to 5, inclusive, agreed to.

Schedules A, B and C, inclusive, agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

[Mr. Churchill.]

BUSINESS OF THE HOUSE

Mr. Diefenbaker: Mr. Speaker, I wonder if the house would allow me to make a suggestion at this time. In view of all the circumstances, if the house is agreeable, prorogation could take place at eight o'clock this evening. That could be achieved by simply adjourning at the conclusion of whatever business remains provided the membership of the house will consent. I am merely placing this suggestion before the house at this time to the end that we might be able to arrange for the presence of the representative of the Governor General for prorogation.

Mr. Pearson: So far as the opposition is concerned, I hope we can arrange the remaining business of the house to make that possible. We shall try to ensure that our criticism from now on is not carping.

Mr. Speaker: I take it there is unanimous consent that the house will continue with government orders until they have been completed, then rise until eight o'clock, if there is any interval, and reconvene at eight o'clock in the chamber.

Some hon. Members: Agreed.

CANADIAN CITIZENSHIP ACT

AMENDMENTS RESPECTING DISCRIMINATION, REVOCATION OF CITIZENSHIP, ETC.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved that the house go into committee to consider Bill No. C-58, to amend the Canadian Citizenship Act.

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

On clause 1.

Mr. Pickersgill: Mr. Chairman, I should like to make one or two very brief general observations on clause 1. When the bill was before the house for second reading, as Your Honour is aware, I sought to move an amendment to the second reading of the bill which Your Honour ruled out of order on the ground that it was anticipating the committee stage. In order to save time I should like to give notice now that when we come to clause 2 I propose to move an amendment in committee in which I shall seek to accomplish what Your Honour told us from the chair could be accomplished in committee, because I understood that to be the sense of Your Honour's ruling.

But I should like to say that we voted against second reading of the bill for two reasons. First, although it appears on the surface to move a long way, and it has moved somewhat in the direction we think it ought to go, towards giving equality of status to

naturalized citizens with natural born citizens, we think it should go the whole way or that it is not worth doing at all. Second, although when the hon. lady moved second reading she told us that she intended to strike out subparagraph (c) of clause 2 of the bill, that of course had not been done at the time of second reading and we were voting on the bill as it was before the house and we did not feel that we could vote for a bill containing that clause, with the interpretation that we placed upon it. I believe that the hon. member for Cartier wishes to make an observation or two on clause 1.

Mr. Crestohl: Mr. Chairman, I want to address myself to the use of the word "intend" in the bill because I think it has some very significant connotations which perhaps are not very obvious at first sight. I was pleased to hear the minister say that she would withdraw subparagraph (c) of clause 2 because it does use the word "intend" and, as the minister said, it is really difficult to risk using the word "intend" because it might be misunderstood. It is difficult to know what a person intends. You do not know what is in that person's mind and you cannot base any conclusions on it. The minister was quite right in saying she would withdraw subparagraph (c) of clause 2 which now reads as follows:

> The governor in council may, in his discretion, order that any person other than a natural born Canadian citizen shall cease to be a Canadian citizen if, upon a report from the minister, he is satisfied that such person...
>
> (c) did not, at the time of taking the oath of allegiance set forth in the second schedule, intend to comply with such oath.

As I say, I agree wholeheartedly with the minister that it is difficult to know what a person intends at a particular time. We also find the word "intend" in subsection 1 of section 10 of the act which reads as follows:

> The minister may, in his discretion, grant a certificate of citizenship to any person who is not a Canadian citizen and who makes application for that purpose and satisfies the court that—

Then there are about ten items and I do not intend to read them all because I want to save the time of the committee. With the exception of the last one they are all palpable and factual so that the court can at the time know the fact that the applicant has complied with each one of these items. I will refer to two or three for illustration only. The court can know, under subparagraph (a), that the applicant has attained the age of 21. Proof of that can be made. Under subparagraph (b) the court can know that he has resided in Canada for a period of at least one year. Proof of that can be made. Under paragraph (c) proof can be made that he has acquired Canadian domicile, and so on down the line. But then we come to the last subparagraph and we see that the court must be satisfied that he intends to have his place of domicile permanently in Canada.

In clause 1 of the bill now before us we see that the words "intends to comply with the oath of allegiance set forth in the second schedule" are used. The minister has rightly withdrawn subparagraph (c) of clause 2 and I see no reason for the retaining in the legislation of the words "intends to comply with the oath of allegiance." It is very nebulous and it does not fall into the same category of factual items that can be proven to the court. I regard this as a somewhat dangerous provision to add. The minister has deleted a great many of the obstacles that existed in the previous act by bringing forward this bill. But I think there is a catch. I do not say that the minister intends it to be so but I think there is a catch when after the applicant has complied with all other requirements you provide that the court must also be satisfied that the applicant intends to comply with the oath of allegiance.

That is not a factual thing and it is difficult to know at any time whether the person intends to comply. Someone will have to judge that. Someone will have to read the applicant's mind at the time. Does he intend to comply? By simply saying, "I do not think he intends to comply", I say that whoever will be in that position will be able to nullify all the factual requirements already complied with by the applicant. I respectfully submit to the minister that this addition is not necessary. It adds nothing to the legislation and it creates a problem because someone will have to read the applicant's mind. He may then say, "I do not think you intend to comply" and thus nullify all the other factual requirements.

Mr. Diefenbaker: May I ask the hon. gentleman a question? Would there not be the same proof required as there would be in respect of the earlier subsection to which he made reference—that the applicant intends to have his place of domicile in Canada? The individual applying for naturalization will be asked, "What do you intend to do"? He says, "I intend to stay in Canada; my plan is to remain here and establish a domicile." Is not intent in this case the same, something which has to be determined by the surrounding circumstances at the time as necessary to be established before it could in any way be determined?

Mr. Crestohl: The Prime Minister is quite right, but I think that the word is superfluous in that clause.

Mr. Diefenbaker: But it has been there for a long time.

Mr. Crestohl: He must first of all prove factually that he has lived in Canada over a number of years; that he has a domicile in Canada.

Mr. Diefenbaker: That he intends to.

Mr. Crestohl: A man can say I intend to do so; quite right. However, when the granting of citizenship is going to depend upon whoever will sit in judgment saying, I do not believe the intention, that is a danger spot. It is very dangerous authority to place in the hands of someone, to judge whether an applicant who has complied with countless requirements should then have his application refused because that person will say, I am not quite sure you intend to keep the oath that you are taking. I think that is a very dangerous clause, and I do not believe it adds any prestige to the act. I do not think it is a fact which anybody could possibly prove or disprove, as to what a person's intent may be. After you have satisfied all the requirements, your hope of citizenship may be washed away because someone will say, I do not believe you intend to follow the oath. Who is the mind reader who will be able to draw that conclusion to nullify the application?

Mr. Diefenbaker: Who is the mind reader who determines the question of intent as to domicile?

Mrs. Fairclough: I think the hon. member for Cartier attacks this thing from a peculiar position. This word "intends" in this particular clause is not at all the same as in the clause which we propose to remove. It must be taken in conjunction with the final wording in subsection (1) of section 10 which says that the applicant, amongst other things, should satisfy the court about a great many things. I draw the hon. member's attention to the words in paragraph (d) which says that he must be of good character. I ask the hon. member, how does one prove that one is of good character? It is probably easy to prove you are not of good character. You could probably have evidence of being a bad character, but I doubt that you could really produce evidence to prove that you are of good character. Again, therefore, it is a case of what is in a person's mind. When you ask a person to prove that he is of good character or to satisfy the court that he is of good character, I think it is quite proper that you should ask him also to satisfy the court about other things. Has he the intention to live a proper life in this country, to stay in this country?

I cannot get too excited about a person who has attained the position in life where he has been appointed a judge in our courts misinterpreting the examination or conversation which he may have with a prospective citizen. I submit, Mr. Chairman, that if you are not going to have some such safeguard, if you are not going to signify to the judge the type of examination which you hope he will make of applicants for citizenship, you may just as well grant the applicant his citizenship without any examination whatever. You may as well grant it merely because he applies for it and has been in the country the requisite number of years. You may say, very well, you have been here for five years and now if you wish to be a Canadian citizen we are not going to ask you what your intentions are, we are not going to ask you whether you intend to live in this country, whether you intend to apply for a passport and then leave this country. There are a great many angles to it. I submit, in all sympathy with the hon. member's concern, that this is a matter for the judges in the courts to decide, as they have done in the past. This is merely an indication to the judges that we hope they will be careful in awarding citizenship to these applicants.

Mr. Crestohl: May I point out to the minister that I do not believe the comparison is a good one in so far as proving good character is concerned. Certainly, before a man's application is considered it is carefully investigated by our security officers. Reports are obtained from all the courts as to whether or not this man has a criminal record. Security officers investigate everywhere, and these facts are placed before the judge. The judge has factual evidence.

This is the only item in twelve requirements that is not factual, but upon which one has to rely by just guessing. May I point out to the minister also that if this were left to a judge perhaps some cure might be obtained, but sometimes these things are not done by a judge. They are done by a minister, by a deputy minister or by departmental officials. If one simply says, I do not think that this man will keep his oath of allegiance, that is sufficient to disqualify him from citizenship. I think that is a barrier that is difficult to overcome. It should not exist in a piece of legislation. As the hon. member for Bonavista-Twillingate said the other night, we want to eliminate policing the mind, and this approaches an attempt to police one's mind. If you say that a man will not qualify for citizenship, not on the ground of facts but on one's thoughts, that is a very dangerous thing.

Clause agreed to.

On clause 2—*revocation of Canadian citizenship.*

Mr. Pickersgill: I should like, if the hon. lady would allow me, to move an amendment—

An hon. Member: The minister has the floor.

Mr. Pickersgill: All right; it will just complicate things.

Mrs. Fairclough: I am sorry there is a misunderstanding here. I indicated before that when clause 2 was being considered I intended to move an amendment to the house. I think the committee was well aware of this intention. I shall, therefore, ask my colleague the Minister of Agriculture to move:

That Bill C-58, an act to amend the Canadian Citizenship Act, be amended

(a) by adding the word "or" at the end of line 25 thereof,

(b) by striking out the word "or" at the end of line 28 thereof, and

(c) by striking out lines 29, 30 and 31 thereof.

Mr. Harkness: I so move, Mr. Chairman.

Mr. Pickersgill: Could the hon. lady say what the effect of that amendment is?

Mrs. Fairclough: It is to eliminate clause (c) of the proposed subsection (1) of section 19.

Amendment agreed to.

Mr. Pickersgill: I indicated earlier that I intended to move an amendment. Since the occupant of the chair has changed since I last spoke, I would just recall that last evening on second reading I sought to move the following amendment:

That all the words after the word "that" be struck out and the following substituted therefor:

"This house declines to give second reading to this bill because it fails to provide that naturalized citizens shall have equality of rights and status with natural born citizens."

I will not trouble to read the Speaker's ruling on that amendment when it was ruled out of order—you have no doubt acquainted yourself with it—on the ground that it would anticipate amendments which could be moved in committee. I may say that I had not thought, until the Speaker gave that ruling, that it would be possible to make an amendment in committee that would achieve that object. But Mr. Speaker having directed my mind in that direction, I applied my mind to it and I think Mr. Speaker has proved to be right. I have an amendment which does, in fact, achieve the objective which the Speaker told us could be achieved in committee. Therefore without more ado I will move as follows:

That section 2 as amended be amended by striking out all the words after "19. (1)" in line 12 to the end of the section and substituting the following therefor:

"(a) A Canadian citizen other than a natural born citizen shall not lose his citizenship for any cause for which a natural born citizen would not lose his citizenship.

(b) Where it is established to the satisfaction of the court that a person has obtained a certificate of naturalization or Canadian citizenship by false representation or fraud or by concealment of material circumstances such certificate shall be revoked and such person shall be deemed never to have been a Canadian citizen."

In support of this amendment I should like to say that the (a) part of it makes it quite clear that once a person has become a naturalized citizen he has exactly the same status as does a natural born citizen and that he cannot lose—that, of course, is indicated in the act in every other respect except one—he cannot lose his citizenship for a cause for which a natural born citizen could not lose his citizenship.

Then in section (b) I applied my mind in the direction in which I indicated last night in an aside to the Minister of Justice I thought it might be applied; that is to say, taking the analogy of nullity as opposed to divorce. It is clear that what is meant in the proposed bill and what is intended is that if a certificate of naturalization or citizenship is acquired by fraud or misrepresentation of the material circumstances, the person who obtained it never was a citizen. What this amendment says is that he never was a citizen and that the certificate was not a valid certificate. I am not a lawyer and I do not know too much about these things, but I would suppose that if someone obtained a birth certificate by fraud and it was found that it was fraudulent, he would no longer be a natural born citizen of Canada.

Mr. Fulton: You could not very well say you had never been born.

Mr. Pickersgill: No.

Mr. Fulton: That is what you are trying to say here.

Mr. Pickersgill: No. What I am saying here is that he never was a citizen because he did not comply properly with the law that he is required to comply with to become a citizen. The only difference between what I am suggesting and what the hon. lady is putting forward in her bill, now that she has taken out that highly objectionable section (c) which really would have instituted thought police in so far as these naturalized citizens were concerned, is that it will no longer be competent to revoke the citizenship of the person who has been charged with the offence of treason, is outside the country and does not come back to be tried.

That is the sort of thing that happens once in a great while. It is perhaps desirable to

be able to do this. However, if we are going to take away all the other reasons, why leave this one? The main purpose of this whole exercise, as I take it—and I think the house is not divided on this point any longer—is to give complete equality, the psychological feeling of equality. If a natural born person is a traitor, we cannot divest him of his citizenship. Therefore are we really going to be losing very much if once in a generation there happens to be a naturalized person who is charged with treason and is outside of Canada and whom we cannot strip of his citizenship? It does not seem to me that the country is going to suffer very much compared with what we are trying to do in this legislation. In other words, we are trying to give to the naturalized citizens of this country a feeling that once they are naturalized they are equal of the natural born citizens.

I think I have made my point and I do not want to trespass further on the time of the committee. I have tried to make this suggestion in a completely non-controversial way because I think all of us are looking to the achievement of the same objective. I may say that if the Minister of Justice finds any technical defect in the amendment, I should be happy indeed to yield to his very much superior knowledge of these matters in making any textual changes in it. But I would hope that in principle it would be acceptable to the government.

Mrs. Fairclough: I am sorry to say that this amendment which is proposed by the hon. member for Bonavista-Twillingate is not acceptable. I think that one of the things we hope our new citizens will acquire, along with their citizenship, is a pride in that citizenship. I think they realize when they take the oath of allegiance that by so doing they owe that allegiance to the crown and that having done that voluntarily they must abide by the oath they have taken. Unlike the natural born Canadian, the naturalized Canadian is a person who comes to this country owing allegiance to a foreign power. On acquiring Canadian citizenship a naturalized person, by his very act, deliberately forsakes his allegiance to the foreign power and by oath gives his allegiance to the crown. If that person chooses then, in deliberate violation of his oath, to do acts which lead to his being charged with treason, surely it is not expecting too much that he will return at least voluntarily to answer to charges before the court. The natural born person on the other hand automatically owes allegiance to the crown from birth. If by his deliberate act he declares allegiance to a foreign power, he thereupon loses his Canadian citizenship also. Mr. Chairman, I do not want to prolong this debate. This is a point on which I feel rather strongly. I am sorry, but I cannot accept the hon. member's amendment.

[Mr. Pickersgill.]

Mr. Crestohl: I should like to ask the minister a question. The minister speaks in terms of a naturalized citizen who has committed an offence, leaves the country and does not come back for trial and therefore should lose his citizenship. I agree with that. But assuming that a natural born citizen also commits the offence, also leaves the country and also does not come back to trial, why treat him differently from the way in which you treat a naturalized citizen? He has committed the same offence. He has left the country the same as has the naturalized citizen, and he does not come back for trial. They are both on an equal footing. They have done the same thing. Why differentiate as between the one and the other?

The Chairman: Is the committee ready for the amendment?

Amendment (Mr. Pickersgill) negatived: Yeas, 17; nays, 55.

Clause agreed to.

Clause 3 agreed to.

Bill reported.

Mrs. Fairclough moved the third reading of the bill.

Hon. L. B. Pearson (Leader of the Opposition): Before the bill passes, Mr. Speaker, there are one or two observations I wish to make. We moved an amendment which was ruled out of order but we were told it could be moved in committee, which was done. More important, however, we could not vote for a bill which included section 19(c). True, the minister indicated that this objectionable clause would be removed, but it was there when we were asked to vote and therefore we could not support second reading.

However, that section has now been removed and, as this bill does go some distance, though not as far as we think it should go, towards achieving the objectives we have in mind, we will vote for it on third reading.

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

BROADCASTING

ESTABLISHMENT OF BOARD OF GOVERNORS—CONTINUANCE OF C.B.C.—CONCURRENCE IN SENATE AMENDMENTS

Hon. George C. Nowlan (Minister of National Revenue) moved the second reading

of and concurrence in amendments made by the Senate to Bill No. C-55, respecting broadcasting.

Mr. Pickersgill: Would the minister please tell us what are the amendments?

Mr. Nowlan: There are two amendments to the bill, one dealing with the section about Canadian interest or ownership. It never was the intention to interfere in any way with stations which already held a licence, and there is at least one of these stations, and possibly more, which because of the fact that their shares—namely the shares of a particular company operating a radio station—are owned by a company the shares of which are listed on a stock exchange that it might be impossible from time to time to establish the fact that they are 75 per cent Canadian controlled. The bill was therefore amended in the Senate as a result of inquiry made by the senators and I appeared before them and after discussing the matter I realized there was the possibility of some prejudice against two or three stations presently in operation in this country. I therefore agreed to this amendment.

The other amendment is one to which reference was made during debate to the effect that the president and vice-president of the Canadian Broadcasting Corporation should hold office during good behaviour rather than for seven years.

Hon. L. B. Pearson (Leader of the Opposition): The two amendments to this bill mentioned by the minister are quite acceptable to us. The first amendment, which will prevent any interference, is something which should be approved. So far as the second amendment is concerned, this is in exactly the same terms as we advanced in this house when we were discussing that part of the bill, and we naturally support it. I cannot, however, refrain from expressing my disappointment and that of my colleagues that we were not as persuasive in our advocacy of this change as were the senators. I do not want to mention at this late stage consideration of high constitutional principles in the relationship between the House of Commons and the Senate, but it is regretted that the amendment put forward in the house by us was rejected while the same amendment put forward by the Senate was accepted. With these few observations I wish to express on our part the acceptance of the amendment which we believe will improve the bill.

Mr. Nowlan: It was the persuasion of the hon. member in the house which, I am sure, laid the groundwork for the amendment from elsewhere.

Mr. Hazen Argue (Assiniboia): We have no objections to the amendments before us but we do feel, as parliament feels, that Canadian broadcasting should be in the hands of Canadian corporations. I realize that this amendment as it has been explained would mean that great hardship on these two or three particular stations might be avoided, but I wonder whether, if these stations should apply for an expansion of their privileges, such as an increase in their power and other facilities—in other words, if they should appear before the board asking for an extension of their power—they would then find themselves in a different position. I think it is one thing to say we will not interfere with them in their existing form but there is some difference as to the procedure which might be followed if they ask for an extension of power for their station, and so on.

I am wondering if the minister in a few words could tell us the intention with regard to that particular subject. Will it be considered in the very broad terms of this amendment which allow the governor in council a great deal of leaway in laying down the conditions?

Mr. Nowlan: I cannot, of course, speak for the board of broadcast governors as to what they might do in a specific case. Each application would depend on the circumstances, as the hon. member knows. All I can say is that the companies which appeared before the Senate committee and presented their arguments were perfectly satisfied with this amendment which was brought about in conjunction with the companies as between the Senate and the Department of Justice. I am sure that the circumstances in each particular case will be taken into consideration. There are only four as far as we know that could be affected, and their interests will be safeguarded.

Mr. Argue: Would the minister care to give the house the names. If he would prefer not to do so—

Mr. Nowlan: There would be no objection. I think there is one station in Toronto, another in Montreal and possibly one in Windsor. Frankly I have forgotten where the other two stations are.

Motion agreed to, amendments read the second time and concurred in.

SITTING SUSPENDED

Hon. Howard C. Green (Minister of Public Works): Before the sitting is suspended I should just like to say a word in my capacity as leader of the house by way of thanks to both the opposition parties and in particular to the hon. member for Laurier (Mr.

Chevrier) and the hon. member for Assiniboia (Mr. Argue) for the co-operation they have shown throughout the session.

I suppose we sometimes think that many harsh words are said across the floor of the house, words that are very rude and which perhaps we regret—I am speaking for members on both sides, now, not only for those who happen to support the government. It may be of some comfort and encouragement to hon. members if I tell them that some weeks ago one of the representatives here from another commonwealth country told me he believed that the Canadian House of Commons was the most polite democratic assembly in the world, and he said the debates were in far better temper and conducted in an atmosphere of far more friendliness than in any other democratic parliament. That may or may not be true. However, I have great confidence in his judgment.

In any event, Mr. Speaker, it is very true that there has been a very good spirit in the house throughout the session. I think we shall all go back to our homes in different parts of Canada tonight, tomorrow or next week feeling that we have made many new friends during this session and that we have renewed old friendships, and this is the spirit in which a democratic country is best governed. For my part I should like to express thanks to the members of both the opposition parties.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, when the leader of the house caught your eye a moment ago I was also rising and for a similar purpose: to express our thanks to the house leader for the manner in which he has conducted the business of this house during the session. I want to express our thanks to him for his co-operation and for his understanding, because at all times I have found that co-operation has existed to the highest degree. He has fulfilled the task which the government has given to him with competence and efficiency and it is appreciated on this side of the house.

I should not like to see the house prorogue without at the same time expressing on behalf of the official opposition our thanks to you, Mr. Speaker, for the manner in which you have presided over our deliberations. I had occasion to say this at a previous session and I am only too pleased on this occasion to repeat that you have shown fairness and equity in your capacity as Speaker of this house, and those of us who sit on the opposition benches appreciate it to the fullest extent.

(Translation):

Mr. Speaker, I feel I should say something with regard to the Deputy Speaker of the House (Mr. Sevigny). The way in which he has acquitted himself of his duties as such came as no surprise to us. He has done so not only with competence but also with great courtesy, following thereby in the footsteps of his distinguished father. I am pleased to express our thanks to him.

I would also like to avail myself of this opportunity to express my sincere thanks to the leader of the house.

(Text):

Mr. Hazen Argue (Assiniboia): It would appear in order for me at this time to apply for membership of this newly established mutual admiration society. I am pleased to agree with the remarks that have been made as to the very fine co-operation we have received from the leader of the house in arranging the business during this session. To many of us he is a friend of long standing, and it is a pleasure to work with him in his new capacity. We have been fortunate in the person who has been the leader of the house in previous years, but I do not think we have ever had a better relationship, better understanding and closer working relationship than we have had with the present house leader.

I realize that from time to time members in various quarters of the house may have been impatient about the length of the speeches and the length of the session, but in relation to the work which has been done, this session has been one of the shortest in the history of Canada. It has been a session in which we have passed the largest number of estimates, and we have also passed a great many bills. I think the government and its members have given a spirited defence of the legislation which they have presented, and in the tradition of the opposition we think we have presented constructive criticism, constructive alternatives and, when necessary, firm opposition against certain acts and certain legislation.

I also wish to agree most wholeheartedly with the remarks which have been made about Your Honour. We in this group are closer to you, at least geographically, than any other party in the house and I think that has been a real advantage for us. We have come to know Your Honour better and to realize your very good qualities. I said in the last parliament that you had proceeded fairly and had meted out the rules in an equitable manner to all members. I want to say on behalf of the C.C.F. group that you have maintained in our minds the great prestige that you had in the last parliament and we look forward to a continuance of this very fine relationship for the good of the Canadian nation in the years ahead.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not intend to delay the house. I shall simply say that the

epitome of parliamentary government is the relationship that has been evidenced here during the session and more particularly in these last few moments when each of us speaks as he feels. I do not want to say more than that I believe in this session we have endeavoured to carry out to the highest degree possible the parliamentary system, with the realization that while the government has a large majority at no time has it endeavoured intentionally to bring about a denial of that equality of opportunity which is of the essence of our system.

Mr. Winch: And I thought all the time we were fighting!

Mr. Speaker: May I say on behalf of myself and, if I may, on behalf of the Deputy Speaker and chairman of committees and also the deputy chairman of the committees of the whole, how deeply we appreciate what has been said by hon. members. I am all too conscious of my own deficiencies. I am bound to err and even when I am right I am bound to give offence to one side or the other. Therefore I deeply appreciate the fact that you will tolerate me to the extent you have.

I should like to take this opportunity of saying I hope to see all hon. members before they leave and immediately after we rise I hope that all hon. members will enter the door of room 16 which is wide open and that those who cannot come then will perhaps come after prorogation. Thank you very much indeed.

Mr. C. E. Rea (Spadina): Perhaps I may be allowed to thank hon. members for the co-operation I received when I was sitting in the chair because at times there were rather difficult and borderline rulings to make.

I should also like to express my thanks to the three clerks for their kindness, patience and the very excellent words of wisdom they offer to those who will listen.

May I also be the first to wish all hon. members a merry Christmas.

Mr. Pierre Sevigny (Longueuil): I should like to join Mr. Speaker and add my own thanks to those expressed by the deputy chairman for the kind reception you have given to my somewhat novice decisions during the current session. I owe a great debt of gratitude to you all for your forbearance, to Mr. Speaker for his guidance and to the clerks for all the guidance they gave. I may have been wrong at times and when I was duly corrected it was always quite pleasant. I surely consider it an honour to have presided over the committees during this session.

(Translation):

I wish to thank the hon. member for Laurier (Mr. Chevrier) and all those who a moment ago showed by their applause their appreciation of such services as I might have rendered during this session. You may rest assured that at all times I appreciated the co-operation of Mr. Speaker and that of hon. members. Thanks to their advice and their encouragement, I have been able on occasion to improve my rulings.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I just want to say briefly that the kindly references made by the leader of this group to yourself are extended also to the Deputy Speaker, the deputy chairman of committees, the officials of the house, and with respect to the kindly references he made to the government side of the house, and in order to avoid any misunderstanding, I want to say I do not want government members to assume that we think we are burying the government.

At 6.26 p.m. the sitting was suspended until 8.00 p.m. this day.

SITTING RESUMED

The house resumed at eight o'clock.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, September 6, 1958.

Sir:

I have the honour to inform you that the Honourable Mr. Justice Robert Taschereau, in his capacity as Deputy of His Excellency the Governor General, will proceed to the Senate chamber at eight o'clock p.m. today, the 6th day of September, 1958, for the purpose of proroguing the first session of the twenty-fourth parliament.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

In the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of James Ross MacLaren Paul.

The Royal Assent

An act for the relief of Barbara Golebiowski Lorens.

An act for the relief of Nicholas Vogel.

An act for the relief of Viola Mary White Witt.

An act for the relief of Joseph Lucien Roland Richer.

An act for the relief of Marc Baillargeon.

An act for the relief of Lucille Perrin Ballard.

An act for the relief of Barbara Rae Lynch Harding.

An act for the relief of Estelle Leblanc Hebert.

An act for the relief of Georgiu Panajtiotis Yarenis.

An act for the relief of Shirley Watson Pennoyer.

An act for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.

An act for the relief of Edwin Showler.

An act for the relief of Nikolaj Kurdiaszow.

An act for the relief of Johann Schneider.

An act for the relief of Lise Beaudry Livingston.

An act for the relief of Beverley Georgina Berry Turpin.

An act for the relief of Shirley Eileen Ferris MacTavish.

An act for the relief of Maurice Turcotte.

An act for the relief of Christina Maxwell Biggs Sanderson.

An act for the relief of Thomas Patrick Heavers.

An act for the relief of Josephine Gertrude Rice Thornhill.

An act for the relief of Ruth Gruber Sosnowsky.

An act for the relief of Samuel Wasserman.

An act for the relief of Celia Bernhaut Jamensky.

An act for the relief of Mary Elizabeth Rainsborough Archer Rudner.

An act for the relief of Waldo John Brayton.

An act for the relief of Jean-Paul Camire.

An act for the relief of Evelyn Zigayer Sedawey.

An act for the relief of Eleanor Wanda Leshynska Ross.

An act for the relief of Irene Rondeau Desbiens.

An act for the relief of Victor Petrashevics.

An act for the relief of Joseph Adrien Octave Guillotte.

An act for the relief of Jeannette Jaslow Feifer.

An act for the relief of Edith Rosen Browman.

An act for the relief of Paul-Emile Papineau.

An act for the relief of Joan Patricia Gatien Juzenko.

An act for the relief of Myrto Mona Diane Chevrette Cadieux.

An act for the relief of Andrzej Skarzynski.

An act for the relief of Otto Zilkalns.

An act for the relief of Leo Milette.

An act for the relief of Angelina Di Battista Overland.

An act for the relief of Robert Herman Kashower.

An act for the relief of Evelyn Mills Miles.

An act for the relief of Margaret Alguire Kernaghan.

An act for the relief of Georges Albert Hetu.

An act for the relief of Francisca Catharina Sanders Simard.

An act for the relief of Yolande Robert LeBel.

An act for the relief of Joseph Anthime Roland Bock.

An act for the relief of Clarence Joseph Reilly.

An act for the relief of Elizabeth Christina Law MacNab.

An act for the relief of Frank Joo.

An act for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.

An act for the relief of Giuseppe Fusari.

An act for the relief of Jean Adolophe Abel Mathys.

An act for the relief of Catherine Regina Hearn Cullen.

An act for the relief of Richard Cloutier.

An act for the relief of James Nelson LeBlond.

[Mr. Speaker.]

An act for the relief of Louise Auger Lecavalier.

An act for the relief of Marie Noella Therese Legault Lebel.

An act for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.

An act for the relief of Marie Becherbleith Reicher.

An act for the relief of John Charles Underhill.

An act for the relief of Patricia Wirth Usher.

An act for the relief of Jean Audrey Vickers Mastro.

An act for the relief of Mary Rebecca Lafontaine Johnson.

An act for the relief of Jetti Edelstein Popowski.

An act for the relief of Jean Philippon.

An act for the relief of Sidney Schwartz.

An act for the relief of Barbara Crawford Bucci.

An act for the relief of Holger Madsen.

An act for the relief of Miriam Astrof Hymovitch.

An act for the relief of Margaret Welsh Clark Gray Perego.

An act for the relief of Eunice Joyce Stone Berwick.

An act for the relief of Rita Elizabeth Edwards Bryant.

An act for the relief of Mary Farrelly Crane.

An act for the relief of Margaret Eileen McKenzie Beauchemin.

An act for the relief of Jeanette Josephine Cools Cox.

An act for the relief of Geraldine Marilyn Woods Spencer.

An act for the relief of Mariette Giselle Denise Pesant Forget.

An act for the relief of Joy Diedre Shelley New.

An act for the relief of Muriel Ethel Serchuk Rutenberg.

An act for the relief of Deborah Barash Dindzik, junior.

An act for the relief of Gladys Elsa Hannah Birnbaum Aston.

An act for the relief of Giulietta Marcogliese Iacurto.

An act for the relief of Herbert Budd, junior.

An act for the relief of Dorothy Mary Shrimpton Legault.

An act for the relief of Maria Giuseppa Di Nunno.

An act for the relief of Marie Jacqueline Fernande Belisle Wechselberger.

An act for the relief of Simonne Fournier Bergeron.

An act for the relief of Cecily Anne Maud Carter Bernard.

An act for the relief of Marie Henriette Andree Massue Prevost.

An act for the relief of Lovell Orville Woodard.

An act for the relief of Joseph Wing.

An act for the relief of Hilda Jamesie Hatfield Carter.

An act for the relief of Evelyn Mae Wood Snell.

An act for the relief of Robert Smith.

An act for the relief of Ethel Fisk Gwynne-Davies.

An act for the relief of Marie Reine Drouin Milliard.

An act for the relief of Joseph Leonidas Albert Paradis.

An act for the relief of Hyman Wexler.

An act for the relief of Natasha Harpf Crayter.

An act for the relief of Shirley Bertha Marietta Birrelle Wilson.

An act for the relief of Norma Elizabeth Gammie Costigan.

An act for the relief of Merita Helen Gertrude Alarie Russell.

An act for the relief of Sydney Clarence Walker.

An act for the relief of Barbara Anne Young McFadden Pallett.

An act for the relief of Jean Mercidus Cecilia Steel MacDonald.

An act for the relief of Arthur Thomas Hazell.

An act for the relief of Iris Olive West Dion.

An act for the relief of Margaret Cox Lafortune.

An act for the relief of Gertrude Falkenstein Garfield.

An act for for the relief of Angela Bertha May Cohen Weinstein.

An act for the relief of Rosanne Dolimont Ruelokke.

An act for the relief of Jeannette Hatsedakis Haeck.

An act for the relief of Natan Grunstein.

An act for the relief of Hedwig Papp Witwitzki.

An act for the relief of Adrienne Menard Huot.

An act for the relief of Martha Ratelle Holtken.

An act for the relief of Joseph Ovila Maurice Valentyne.

An act for the relief of Gweneth Vera Payne Smith.

An act for the relief of Raymond Leslie Larocque.

An act for the relief of Gordon Kent Lambert.

An act for the relief of Catherine Doris Dooley Bantey.

An act for the relief of Monica Frances Fleice Bottomley.

An act for the relief of Fritz Drechsler.

An act for the relief of Robena Sarah Florence Worrell Day.

An act for the relief of Gerald Leonard Pilcher.

An act for the relief of Mary Madeleine Dorothy Butler Meaney.

An act for the relief of Libusa Franic Kotow.

An act for the relief of Sheila Estelle Rosenstone Lane.

An act for the relief of Renald Leroux.

An act for the relief of Pierrete Beauregard Ifould.

An act for the relief of Marion Brooks McConnell Bienvenue.

An act for the relief of Patricia Alleyn Burstall Corrigan.

An act for the relief of Charles Athol Gordon.

An act for the relief of Margaret Canuel Fraser.

An act for the relief of Jean Dick Joslin.

An act for the relief of Halbert James Haldane Kerr.

An act for the relief of Mary Thelma Bourgeos Gaudet.

An act for the relief of Jacques Gerardin.

An act for the relief of Yolande Charron Fiorucci.

An act for the relief of Fernand Larouche.

An act for the relief of Mary Pelly Osborne.

An act for the relief of Leonard Lowrey.

An act for the relief of Josette Lacaille Johnston.

An act for the relief of Iona Gertrude Mary Adcock Dolphin.

An act for the relief of Maurice William Miller.

An act for the relief of Margit Szilagyi Rojzskies.

An act for the relief of Rita Jeanne Landry Benoit.

An act for the relief of Maria Eva Dorothe Deziel Lefebvre.

An act for the relief of Violet Mary Ward Gravel.

An act for the relief of Jean Phyllis Fensom Kell.

An act for the relief of Louise Giguere Boisvert.

An act for the relief of Barbara Janet Dillane Barr.

An act for the relief of John Shaw Macneill Carson.

An act for the relief of Freda Levine Schubert.

An act for the relief of Kenneth Herbert Gregory.

An act to amend the Penitentiary Act.

An act to incorporate the lakehead harbour commissioners.

An act respecting Trans-Mountain Oil Pipe Line Company.

An act to incorporate Canadian Women's Press Club.

An act to amend the Loan Companies Act.

An act to amend the Trust Companies Act.

An act to amend The Returned Soldiers' Insurance Act.

An act to amend the Children of War Dead (Education Assistance) Act.

An act to provide for the conditional liberation of persons undergoing sentences of imprisonment.

An act to amend the Emergency Gold Mining Assistance Act.

An act respecting The Burrard Inlet Tunnel and Bridge Company.

An act to amend the Veterans Insurance Act.

An act to amend the Financial Administration Act.

An act to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with The Dominion Coal Company, Limited.

An act respecting Stanmount Pipe Line Company.

An act to amend the Customs Tariff.

An act to amend the Excise Tax Act.

An act to amend the Income Tax Act.

An act to authorize the construction of a bridge across Lubec channel between the province of New Brunswick and the state of Maine.

An act to amend the Judges Act.

An act respecting Westcoast Transmission Company Limited.

An act respecting the board of trade of the city of Toronto.

An act respecting the development and improvement of the national capital region.

An act to amend the Railway Act.

An act respecting the taxation of estates.

An act respecting Mid-Continent Pipelines Limited.

An act to amend the Customs Act.

An act to amend the Canadian Citizenship Act.

An act respecting broadcasting.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In Her Majesty's name, the Honourable the Deputy Governor General doth assent to these bills.

Then the Speaker of the House of Commons addressed the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have approved certain expenditures for the public service, and the application of certain amounts in the accounts, of the year ended March 31, 1958.

The Commons also have voted supplies required to enable the government to defray certain expenses for the public service of the year ending March 31, 1959.

In the name of the Commons I present to Your Honour the following bills:

An act for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, of the financial year ended the 31st March, 1958.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bills I humbly request Your Honour's assent.

To these bills the Clerk of the Senate, by command of the Deputy Governor General, did thereupon say:

In Her Majesty's name, the Honourable the Deputy Governor General thanks her loyal subjects, accepts their benevolence, and assents to these bills.

Prorogation of Parliament

PROROGATION OF PARLIAMENT

After which the Deputy Governor General was pleased to close the first session of the twenty-fourth parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The twenty-fourth parliament has commenced with a most active and noteworthy session.

We have been glad to welcome this summer Her Royal Highness the Princess Margaret on her visit to Canada. We look forward with great pleasure to the presence in Canada next year of Her Gracious Majesty the Queen on the occasion of the opening of the St. Lawrence seaway.

During this present session you have welcomed and heard in parliament the President of the United States, the President of the Federal Republic of Germany, the Prime Minister of the United Kingdom and the Prime Minister of Ghana. These visits have provided a valuable and timely opportunity for discussions of problems of mutual interest and for an exchange of impressions on broader issues.

My government has been encouraged by indications of progress during the last few months in the field of disarmament and by recent developments in the Middle East situation but the general outlook remains uncertain and in particular, the current tension in the Far East is a source of deep concern.

My government took an active role at the emergency special session of the general assembly of the United Nations in promoting measures that would serve as a basis for a comprehensive effort to reduce tension and improve conditions in the Middle Eastern area.

My ministers have welcomed the announcement by the United States and United Kingdom governments of their readiness to suspend tests of nuclear weapons for one year while negotiations for a political agreement take place; they hope that as a result there will emerge an effective agreement among the nuclear powers continuing the suspension of testing under effective international supervision. The prospect of further technical talks to examine possible safeguards against surprise attack gives ground for hope of additional progress in this important field of disarmament.

My ministers welcome the approval you have given to the important agreement for the integration of the air defence of North America. Measures are being worked out to ensure that such defence is maintained on an efficient and economical basis consistent with the rapid technical changes in this field. Furthermore, arrangements have been initiated for closer consultation by ministers with members of the United States administration in the field of defence policy.

Your support of programs to provide practical assistance to the peoples of the less developed regions of the world through the medium of the United Nations, under the Colombo plan and under special arrangements for the West Indies and Ghana has been further evidence of the desire of Canadians to participate in international programs of economic as well as humanitarian importance.

You have had laid before you a report on the international conference on the law of the sea held in Geneva early this year and the five conventions agreed upon by that conference. My ministers will support the early convening of a second international conference on the law of the sea to deal with the important questions left unsettled at Geneva.

My government has been gratified to observe the improvement in the general economic conditions in Canada. It will continue its efforts to increase employment and ameliorate the condition of those temporarily unable to find work.

During the present session you have enacted measures of major benefit to the people of Canada.

You have authorized an increase in the public funds made available under the National Housing Act to ensure the further progress of our housing program.

You extended for a further six weeks during this year the period during which seasonal benefits were paid under the Unemployment Insurance Act.

You have provided for increases in the pensions of former members of the civil service, the armed forces and the Royal Canadian Mounted Police.

You have reviewed and improved the Veterans Insurance Act, the Returned Soldiers' Insurance Act and the Children of War Dead (Education Assistance) Act, and increased the benefits payable thereunder.

As a further interim measure to meet the needs of the grain producers in the prairie provinces, pending the working out of long term measures, you have provided an acreage payment to such producers. The Prairie Grain Advance Payments Act has been revised in the light of experience in its operation. The benefits of the Prairie Farm Assistance Act have been extended to an increased number of farmers. The lending power of the Canadian farm loan board has been enlarged. The Canada Agricultural Products Standards Act has been amended, and the amounts payable under the Animal Contagious Diseases Act have been increased.

You have approved the necessary arrangements with the government of Saskatchewan for carrying out the South Saskatchewan project and provided for the immediate commencement of construction of the main dam in this important undertaking.

You have made provision for the establishment of an office to assist small business in Canada.

You have provided a needed increase in the support furnished by parliament for the universities of Canada.

The Hospital Insurance and Diagnostic Services Act has been amended to set a definite and earlier date for the commencement of the payments authorized by it.

You have completely revised the legislation relating to taxes on estates, making it more equitable and practical as well as alleviating the burden on smaller estates. You have revised the Income Tax Act, and increased the exemptions from sales tax under the Excise Tax Act.

The National Capital Act which you have passed will make possible the more effective continuation of the long term development and improvement of the national capital and its immediate environs.

You have passed an important act to provide for the regulation of broadcasting in Canada and to ensure the continued operation of a national broadcasting system that will furnish a varied and comprehensive service of a high standard that is Canadian in content and character.

In the Parole Act you have created an orderly and permanent basis for the reform and rehabilitation of those confined to penitentiaries and their integration into society as useful citizens.

There has been placed before you a bill of rights for the recognition and protection of human rights and fundamental freedoms in Canada coming within the jurisdiction of parliament. There will now be an opportunity for this measure to receive careful study before action on it is finally taken by parliament.

Other measures enacted at this session include acts to approve the income tax conventions with Belgium and the Belgian Congo, the Canadian National Railways Financing and Guarantee Act,

the British Columbia Coast Steamship Service Act, an act to incorporate the lakehead harbour commissioners and an act to authorize the construction of a bridge between Campobello island and Maine. You have also amended the Railway Act, the Indian Act, the Criminal Code, the Penitentiary Act, the Lake of the Woods Control Board Act, the Loan Companies Act, the Trust Companies Act, the Maritime Coal Production Assistance Act, the Emergency Gold Mining Assistance Act, the Customs Tariff, the Customs Act, the Judges Act, the Financial Administration Act, the Yukon Act and the National Parks Act.

Members of the House of Commons:

My ministers welcome the approval you have given for the operation of a simultaneous translation system in the House of Commons.

Your committees have been more active than for many years past and show promise of contributing to the greater effectiveness of parliament in the future.

I thank you for the provision you have made for all the essential public services and payments in the current fiscal year and in addition for the approval granted for the payments made under special warrants last year.

Honourable Members of the Senate:

Members of the Commons:

I pray that divine Providence may continue to bless, protect and guide our nation.

This concluded the first session of the twenty-fourth parliament.

Question

ANSWER TO QUESTION

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

RURAL MAIL DELIVERY TENDERS

Question No. 193—**Mr. Boivin:**

In respect of how many contracts for rural mail delivery routes have tenders been invited in each of the provinces of Canada: (a) from June, 1955 to June, 1956; (b) from June, 1956 to June, 1957; (c) from June, 1957 to June, 1958?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

	(*a*) June, 1955 to June, 1956	(*b*) June, 1956 to June, 1957	(*c*) June, 1957 to June, 1958
British Columbia	41	25	20
Alberta	20	28	4
Saskatchewan	22	29	4
Manitoba	8	15	4
Ontario	118	99	78
Quebec	123	93	186
New Brunswick	57	42	57
Nova Scotia	32	33	43
Prince Edward Island	12	3	6
Newfoundland	Nil	Nil	2

[The following items were passed in committee of supply]:

DEPARTMENT OF FINANCE

503. Loan to the Ottawa civil service recreational association, on such terms and conditions as the governor in council may approve, to assist in the construction of the W. Clifford Clark memorial recreation centre, $300,000.

General administration—

550. Departmental administration—further amount required, $20,775.

Administration of various acts and costs of special functions—

551. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries Improvement Loans Act and the Prairie Grain Producers' Interim Financing Act—further amount required, $11,000.

Special—

552. To provide for the expenses of the royal commission on Canada's economic prospects, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $191,300.

553. To provide for the expenses of a royal commission on Newfoundland, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers clerks or employees permanently employed in the civil service for services rendered by them to the commission, $10,000.

554. Grant to the national conference of Canadian universities to assist in defraying the expenses of the congress of universities of the British commonwealth to be held in Canada in 1958, $37,500.

General items of payroll costs including superannuation payments—

667. To authorize, effective the 1st day of July, 1958, for the remainder of the fiscal year ending on the 31st day of March, 1959, increases in the allowances, pensions and annuities granted or payable pursuant to Part I of the Civil Service Superannuation and Retirement Act, the Civil Service Superannuation Act, an act to provide for the retirement of certain members of the public service (c. 67 of the statutes of 1920), The Civil Servants Widows Annuities Act, 1927, subsection (2) of section 15 of the Currency, Mint and Exchange Fund Act, the Royal Canadian Mounted Police Act (other than Part IV), the Defence Services Pension Act, the Public Service Superannuation Act, the pension plan of the national harbours board, and any appropriation act of the parliament of Canada that, in the opinion of the treasury board, provides for an allowance, pension or annuity based on length of service; the amounts of the increases shall be deemed not to be payments made pursuant to any of the foregoing acts or plan and shall be in such amount (or calculated at such rate), paid to such persons or classes of persons and paid in such manner and subject to such terms and conditions as the governor in council, by regulations, prescribes, $2,500,000.

668. To authorize the treasury board to make regulations to provide for a hospital care insurance plan for

(a) employees of Her Majesty in right of Canada (and their dependents), and

(b) dependents of members of the Royal Canadian Mounted Police and of members of the regular forces,

if such employees or members have been appointed as such in Canada and are serving outside Canada; the regulations to provide for compulsory contributions to the plan and that persons included in the plan may continue to be so included for such period after returning to Canada as the regulations prescribe; government contribution to the plan for the present fiscal year, $15,000.

University grants—

669. To provide that the rate of $1.00 mentioned in vote 541 of the Appropriation Act No. 1, 1957, is struck out and the rate of $1.50 is substituted therefor; and that a new agreement may be entered into accordingly with effect from the first day of April, 1958, between the national conference of Canadian universities and the Minister of Finance; the amount provided for in vote 127 of the main estimates for the present fiscal year to be applied to the purpose of this vote; additional amount required, $8,500,000.

52. Salaries and expenses of office, $848,790.

Insurance—

156. Departmental administration, $632,198.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

Welfare and economic development of Indians—

666. Operation and maintenance—further amount required, $1,000,000.

DEPARTMENT OF AGRICULTURE

Terminable services—

663. To provide for payments to western grain producers of $1.00 per acre up to a maximum of 200 acres per farm in accordance with regulations of the governor in council, $40,000,000.

664. Contibutions to the governments of the provinces of Manitoba and Saskatchewan, in accordance with terms and conditions prescribed by the governor in council, of one-half of the amounts paid by the governments of those provinces for transporting haying equipment, fodder and livestock to and within those provinces on and after July 1, 1958, $500,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

670. To provide for contributions to the provinces, pursuant to agreements entered into or to be entered into, with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments—further amount required, $1,500,000.

Water resources branch—

671. To provide for a fishway on the Yukon river at the site of the hydro-electric power development being constructed by the northern Canada power commission for the Whitehorse area, $1,000,000.

END OF SESSION